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LOS ANGELES COUNTY **LAFCO**

**San Fernando Valley Proposal for
Special Reorganization**
Initial Fiscal Analysis

March 28, 2001

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1. Purpose and Findings of the Study

The San Fernando Valley Proposal for Special Reorganization Initial Fiscal Analysis has been prepared on behalf of the Los Angeles County Local Agency Formation Commission (LAFCO) to assess the fiscal impact of an incorporation of a new “Valley City” in the San Fernando Valley region of the City of Los Angeles. The initial fiscal analysis attempts to address the requirements of a comprehensive fiscal analysis (CFA) as defined in the Government Code and provides analysis of factors that, as prescribed by the Code, must be considered by LAFCO in the process of approving a proposal for special reorganization.

The initial fiscal analysis has been prepared in response to a preliminary proposal for special reorganization submitted by the applicant, Valley Study Foundation, Inc. Because the applicant’s preliminary proposal does not address, in detail, how the City’s various municipal services would be divided and transferred to a proposed Valley City, assumptions have been developed in an attempt to identify a viable process for the transition of services to a newly created city. However, although a specific process is identified in this analysis, many other alternatives may exist regarding the assumed transfer of City services, personnel, assets, and liabilities.

As part of the special reorganization process, the applicant is expected to submit a final proposal, which may provide additional information as to the specific services to be provided by the Valley City. The City of Los Angeles is also expected to comment on this initial fiscal analysis (as well as the applicant’s final proposal), which may provide further information on the potential impact of the applicant’s proposal on the level of service provided, or the impediments in dividing and transferring certain services.

The initial fiscal analysis is not meant to be a prescription for the break-up of the City of Los Angeles, nor is it meant to be a detailed plan for the creation of Valley City. This analysis provides an assessment of the preliminary proposal for special reorganization, using the criteria set forth in the Government Code and a set of reasonable assumptions regarding the transfer of service to a Valley City. Other viable alternatives may be available, and any assumptions used in this analysis are not meant to preclude LAFCO from developing other alternatives, terms, or conditions for a proposed special reorganization in the San Fernando Valley.

Special Reorganization Process

The Cortese-Knox Local Government Reorganization Act of 1985 (former Government Code Section 56000 et seq.)¹ sets forth procedures for changes of organization or reorganization of local governments, including a “special reorganization” of an existing city. The Act defines a special reorganization as “a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.”² Because the definition of a special reorganization refers to an incorporation, it is assumed for the purposes of this fiscal analysis that all references to an incorporation in the Act are applicable to a special reorganization.

To initiate a special reorganization, the Act requires that a proponent obtain signatures from 25 percent of the voters or landowners in the area to be incorporated. The petition is submitted as part of an “application for proposal” that also includes a map of the boundaries and the names of three chief petitioners. As part of the review of the application, the commission’s executive officer prepares a comprehensive fiscal analysis report including a recommendation on the proposal. The commission then holds hearings to review the proposal. If the commission approves the proposal, a public hearing is held to hear protests and objections. If not more than 50 percent of the voters protest, the commission may then call for an election in both the territory to be detached from the city, and the

¹ The Cortese-Knox Act was recently amended and is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the “Hertzberg Act”). The Hertzberg Act, which became effective January 1, 2001, is not applicable to the special reorganization process for the San Fernando Valley proposal because the application was filed prior to the effective date.

² California Government Code, Section 56075.5.

entire territory of the city. In the event of an election, the majority of the voters in both the proposed new city and the city as a whole must favor the new city formation for it to take effect.

Seven-Step Process

To facilitate the review of proposals for special reorganization, LAFCO has adopted the following Seven-Step process for conducting the required study for a proposed reorganization.

1. **Applicant Identifies Needs for Data Collection** – Applicant submits to LAFCO what it believes should be requested, analyzed and reviewed in terms of data from the City of Los Angeles.
2. **LAFCO Prepares a Request for Information** – LAFCO determines what it needs from City of Los Angeles in terms of data and how it is to be presented and prepares a request for information.
3. **Data Collection** – City of Los Angeles responds to LAFCO's request for information and provides comprehensive data.
4. **Review, Analysis of Data** – LAFCO reviews, analyzes, and packages information submitted by the City of Los Angeles. Guidelines are established for Applicant; City to prepare a response and a proposal.
5. **Applicant Reorganization Proposal** – Applicant submits proposal for Special Reorganization.
6. **Response to Applicant Proposal** – City of Los Angeles responds to Applicant's proposal.
7. **Final Plan – Comprehensive Fiscal Analysis** – LAFCO prepares final plan based on all information gathered including proposals from Applicant and the City of Los Angeles. Feasibility determined.

The initial fiscal analysis is part of step 4 of the Seven-Step process. Revisions are expected to this document based on comments from the applicant and the City prior to the completion of the Comprehensive Fiscal Analysis.

In an attempt to refine the "request for information" from the City, LAFCO has further required that the applicant for special reorganization develop a "vision statement" for its proposed city that, among other things, describes the governance and management structure for the proposed new city, the organization of all city departments of the proposed new city, and what existing City of Los Angeles services the applicant intends to provide.

History of Valley Secession Movement

The current process to create a separate San Fernando Valley city began in May 1998 when the organization Valley Voters Organized Towards Empowerment (Valley VOTE) initiated a petition drive for an eventual vote for special reorganization. In December 1998, Valley VOTE submitted petition signatures to LAFCO. A sufficient amount of the petitions were certified by LAFCO in March 1999. An application to initiate the special reorganization proceeding was then submitted by the Valley Study Foundation, Inc., in April 1999. In June 1999, Valley Study provided to LAFCO its "Identification of Needs for Data Collection" as part of step 1 of the Seven-Step process.

Goals of the Study

The Cortese-Knox Act sets forth detailed requirements of the special reorganization process. As part of the review of any proposal for incorporation, the LAFCO executive officer must prepare a report including a comprehensive fiscal analysis and a recommendation of the proposal.³ Although not specified as part of the comprehensive fiscal analysis, prior to the approval of any proposal for reorganization the commission must find that the "proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation."⁴ In addition, the commission cannot approve an incorporation unless: (1) it finds that the current revenues received by the City that would accrue to the proposed city are "substantially equal" to the current expenditures made by the City for services that would be assumed by the proposed city,⁵ or (2) any negative fiscal impact has been adequately mitigated by terms and

³ Section 56833.1. The text of this section has been recodified as Government Code Section 56800.

⁴ Section 56375.1. Text recodified as Section 56720.

⁵ Section 56845(b). Text recodified as Section 56815(b).

conditions imposed by the commission.⁶ The concept of substantially equal revenues and expenditures has been described as a test of “revenue neutrality.”

The commission must also consider certain factors in the review of a proposal for incorporation. Among others, the commission must consider “the present cost and adequacy of government services and controls in the area,” as well as the “probable effect [of the special reorganization] on the costs and adequacy of services and controls in the area and adjacent areas.”⁷

Based on the requirements set forth in the Cortese-Knox Act, the initial fiscal analysis includes an assessment of the financial viability of the new city and attempts to determine whether the proposed special reorganization would be “revenue neutral” for the City of Los Angeles. A review of certain factors associated with the costs of service in the proposed area of special reorganization is also provided for the benefit of LAFCO.

This initial fiscal analysis is also intended to provide the information needed by the applicant to prepare its final proposal pursuant to step 5 of the Seven-Step process.

Data Sources

Most of the data used in this analysis have been provided by the City of Los Angeles, as part of the data collection process described in the LAFCO seven-step process. The City has provided LAFCO information regarding, among other things, its various municipal services, budgeted expenditures, staffing, organization of personnel, service territories, asset inventories, and revenues.

The primary sources of data and the application of the data in this analysis are summarized in the table below.

PRIMARY DATA SOURCES USED IN ANALYSIS	
Data Source	Application
Adopted Budget (including supplements), Fiscal Year 2000-01	Base year City expenditures, departmental staffing
Department Organization Charts, Fiscal Year 2000-01, Fiscal Year 1999-00	Allocation of workload by division, geographic location of personnel
Position Descriptions	Allocation of workload by position, geographic location of personnel
Maps of Service Territory	Distribution of departmental workload, geographic location of facilities
Asset inventories	Identification of municipal facilities and land potentially transferred to Valley City
Interviews with City department managers	Services provided by department, allocation of workload, unique circumstances facing the department, barriers to the division of assets and services
City of Los Angeles Planning Department 1998 Population Estimate	Relative population of Valley special reorganization area
Geographic Revenue Analysis for Fiscal Year 1998-99	Geographic source of City revenues
County of Los Angeles Property Tax Assessments, Fiscal Year 1999-00	Geographic source of City property taxes
County of Los Angeles Urban Research Division Sales Tax Revenue Analysis for Fiscal Year 1998-99	Geographic source of City sales taxes

⁶ Section 56345(b)(2). Text recodified as Section 56815(c).

⁷ Section 56841. Text recodified as Section 56668(b).

Some of the data sources used to estimate the geographic source of revenue were preliminary at the time this report was prepared. Any material changes to this supporting information will be incorporated into the final comprehensive fiscal analysis. Instances where preliminary data were used have been indicated in this report.

Findings of the Initial Fiscal Analysis

To assess the “revenue neutrality” of a proposed special reorganization, a comprehensive review and analysis of services provided by the City has been undertaken, and an attempt has been made to identify those specific services that would transfer to the proposed Valley City. This analysis of transferred services allows for the estimation of the current expenditures for services that would be assumed by the new city as a result of a Valley special reorganization. The current revenue that would transfer to the new city has been estimated through a comprehensive analysis of the geographical source of revenue currently received by the City. A detailed analysis of both current expenditures and current revenue that would accrue to the proposed Valley City are provided in section “Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue” of this report.

Future expenditure and revenue cash flows for a Valley City that would occur during the first three full fiscal years of incorporation have also been estimated. The projected cash flows for the Valley City are used to assess whether the Valley City would receive sufficient revenues to provide services and maintain a reasonable reserve during the three full fiscal years following incorporation. Included in the projected expenditures for the Valley City, in addition to the expenditures for services that would transfer from the City of Los Angeles, are estimated “start-up” costs that would likely be incurred by a new city. The Valley City may also receive revenue in addition to the proportional share that would transfer from the City of Los Angeles. The estimated additional revenues and costs that would accrue to the proposed Valley City are discussed in sections “Valley City Start-Up Costs,” and “Financial Viability of New City – Additional Valley City Revenue” herein.

Revenue Neutrality

Based on the applicant’s vision statement, and the assumptions used in this analysis that set forth the process of apportioning municipal services and assets, it is estimated that, upon a special reorganization, the current City of Los Angeles expenditures that would accrue to a Valley City would not likely be “substantially equal” to the current City revenue that would accrue to the Valley City. As shown on the table below, this determination is made upon a comparison of the municipal revenues, budgeted by the City in fiscal year 2000-01, that would accrue to the Valley City, to the City’s budgeted municipal expenditures in fiscal year 2000-01 for services that would be assumed by a Valley City or paid for by the Valley City through contracted service from the City of Los Angeles.

ESTIMATED CURRENT EXPENDITURES AND REVENUES ACCRUED BY VALLEY CITY	
	FY 2000-01 Estimate
Current Revenue	\$ 1,044,885,646
Current Expenditures	976,532,936
Difference	\$ 68,352,711

Detailed computations of the estimated amount of current expenditures and current revenues are provided in Appendix II of this report.

The estimated amount of municipal revenue that would accrue to a Valley City is based in part on an analysis of the geographic source of revenue undertaken by the City of Los Angeles in February 2001. The City’s analysis provides estimates of the proportion of many of the City’s differing General Fund

and special purpose revenues that can be attributed to the San Fernando Valley. The City did not review all revenues, as estimates were not provided for 26.5% of the City's various revenue sources. Therefore, as part of this initial fiscal analysis, for those revenues not analyzed by the City an estimate of the proportion of City revenue generated from the Valley has been developed. Both the City's estimates and the percentage estimates developed in this report were applied to each of the City's budgeted receipts for fiscal year 2000-01. A detailed discussion of the percentage estimates is given in section "Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue."

An important distinction must be made between the amount of municipal revenue currently contributed to the City of Los Angeles by San Fernando Valley residents and businesses and the amount of municipal revenue that would actually accrue to the Valley City as a result of a special reorganization. Not all City revenues generated in the Valley would necessarily accrue to the Valley City. Two significant City General Fund revenue sources are the annual transfers from the City's power revenue fund and water revenue fund. For fiscal year 2000-01, the City budgeted \$138.2 million of revenue from these funds. Because it has been assumed in this analysis (see "Transfer of Service, Costs, Revenues, and Assets – Other Departments – Water and Power") that the Valley City would not likely be able to obtain an equity share of the Department of Water and Power immediately upon incorporation, the Valley City may not benefit from the allowable revenue fund transfers for General Fund purposes. If the water and power user rates set for residents and businesses in the Valley do not change upon a special reorganization (i.e., the Valley rate schedule is the same as the rest of the City), the City's Department of Water and Power could continue to generate a surplus that could be paid into the City's General Fund. Accounting only for revenue that would actually accrue to the Valley City, it is estimated that 30.35% of the City's budgeted General Fund revenue in fiscal year 2000-01 and 25.83% of all budgeted revenue would accrue to the Valley City upon incorporation.

In comparison to the current revenue of \$1,044.9 million budgeted by the City (excluding cash balances) that would accrue to the Valley City, it is estimated that current expenditures by the City of Los Angeles for services that would be assumed by the Valley City (or reimbursed to the City for contractual services performed) equals \$976.5 million. This level of expenditures is based on the service to be provided by the proposed Valley City as described in its preliminary proposal, subject to any legal or fiscal constraints that have been identified in this analysis. To the extent the applicant's final proposal is revised, or the City provides additional information regarding the specific service, assets, and liability, the estimated amount of current expenditures that would accrue to the Valley City may change.

Given the estimated revenue that would transfer from the City is \$68.4 million greater than the estimated expenditures, the applicant's proposal would not result in a "substantially equal" accrual of revenue and expenditures to the proposed Valley City. Therefore, some form of mitigation to the City of Los Angeles, as outlined in the Cortese-Knox Act, would be required. This report does not address the specific form of mitigation to the City, or recommend a process to calculate the amount or ensure compliance. The specific terms of any mitigation to the City of Los Angeles will be proposed in the final Comprehensive Fiscal Analysis report to the LAFCO Executive Officer after analysis of the applicant's final proposal and the City's comments.

Financial Viability of the Valley City

Financial projections for the new Valley City have been developed by identifying the services to be provided by the new city, the additional costs that may be incurred by the Valley City in transitioning service from the City of Los Angeles, the amount of municipal revenues to be received from residents and businesses in the Valley City, and any state and federal funding that would accrue to the Valley City upon incorporation. Based on these projections, it is estimated that a Valley City could achieve positive fund balances for the first three years after incorporation and maintain a reasonable level of reserves.

The level of expenditures by the Valley City for municipal services and assets would likely increase in comparison to the current level spent by the City of Los Angeles in the Valley. This projected increase in expenditures would be caused by "start-up costs" related to additional staffing, equipment, and

office space needed to implement services in the Valley that cannot be transferred from or provided by the City.

At a minimum, the Valley City may face additional costs of \$4.6 million annually related just to the utilization of the City's IT environment. A new Valley City may also experience costs for additional staffing, including elected officials, which cannot be transferred from the City. Other unavoidable start-up costs could result from planning activities that could require interim, dedicated staff or consultant resources, and from the need to lease office space in the San Fernando Valley. The estimated minimum level of start-up costs is based on several assumptions used in this report, and to the extent any assumptions prove unfeasible, or the Valley applicant proposes other alternatives, additional costs for the proposed Valley City may be greater. However, the Valley City would also receive an estimated \$10.8 million in additional revenue from state motor vehicles license fees upon the effective date of its incorporation that would not be shared with the City, and could be used for any general fund purpose. This boost in vehicle license fee revenue would work to buffer the impact of any additional costs resulting from the transition of service from the City.

To estimate the amount of expenditures that would be incurred by the Valley City, the initial fiscal analysis has attempted to identify the City services currently provided in the Valley, which would be assumed by a new Valley City or paid for by the new city through a contractual relationship with the City of Los Angeles, then estimate the current and future cost of those services. Similar to the revenues that would transfer to a new Valley City, a distinction must be made between City services provided for the benefit of the Valley, and those services that could actually come under Valley City control upon a special reorganization. For many services performed by the City, it may not be possible to divide existing City infrastructure or equipment between the Valley and the City, within the study period of this report. These City services, such as utility service, radio systems, and certain computer networks utilize large-scale systems that have been designed for specific usage, and cannot be divided without undertaking a time-intensive process to redesign and construct two separate systems. In fact, it may not be cost-effective to utilize the City's existing assets or system design, and may be more beneficial for the Valley City to independently design and construct new technology systems based on the needs of the new city.

An additional difficulty in creating independent Valley City information technology systems is the dearth of available personnel qualified to administer the systems. The Valley City would likely need to source with the City or private operator until it could develop its own strategic plan for the development and implementation of separate information technology systems.

In addition to the City's IT environment, it is assumed in this report that the proposed Valley City would contract from the City for the City Employee Retirement System, the Police and Fire Retirement System, and utility services for water, power, and sewer. Payment to reimburse the City for the utility service is assumed to be recovered through user charges paid by Valley residents and businesses.

Additional detail on the computation of contractual service from the City of Los Angeles is provided on Table E-8 in Appendix II.

For comparison purposes, the following table shows the projected Valley City budget, unadjusted for inflation, for fiscal year 2002-03 through 2005-06.

**VALLEY CITY PROJECTED BUDGET
FISCAL YEAR 2002-03 THROUGH 2005-06
(Unadjusted for Inflation)**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Revenue:				
General Fund	6,300,000	900,971,183	900,971,183	900,971,183
Special Purpose Fund	1,489,250	157,267,464	157,267,464	157,267,464
Total Revenue:	<u>7,789,250</u>	<u>1,058,238,646</u>	<u>1,058,238,646</u>	<u>1,058,238,646</u>
Expenditures:				
Direct Municipal Services	1,000,000	921,349,645	921,349,645	921,349,645
City of Los Angeles Contracted Service		56,183,291	56,183,291	56,183,291
IT Transition Costs	2,100,000	3,600,000	3,600,000	3,600,000
Additional Personnel	1,452,938	3,050,136	3,050,136	3,050,136
Mitigation Payment		68,352,711	68,352,711	68,352,711
Total Direct Expenditures	<u>4,552,938</u>	<u>1,052,535,782</u>	<u>1,052,535,782</u>	<u>1,052,535,782</u>
Available Balance	<u>3,236,313</u>	<u>8,939,176</u>	<u>14,642,040</u>	<u>20,344,904</u>

In developing the projected budget, it has been assumed that the effective date of the Valley City incorporation would be November 5, 2002; however, the Valley City would not assume responsibility for municipal services until July 1, 2003. The 8-month period after the effective date but prior to the transfer of service is assumed necessary to prepare for a transition of service from the City. The Valley City is assumed eligible to receive state motor vehicle license fee and gas tax revenue, but would receive only that amount of revenue in excess of the amount currently provided to the City of Los Angeles. The Valley City is also assumed to incur costs related to the modification of certain City-owned IT systems and for additional personnel during the 8-month transition period.

Impact on Adequacy of Service

As part of the proposed Valley City incorporation, the commission must consider the effect on the costs and adequacy of service in both the Valley and remaining City of Los Angeles. A special reorganization in the San Fernando Valley, according to the terms of the applicant's proposal, would result in the transfer of 8,564 City positions to the new Valley City. This level of change in personnel would have a significant impact on the organizational structure of many City departments and affect the way work is performed by the City. Although certain City departments are currently segregated into Valley and non-Valley workforces, most affected City departments would need to restructure the organization of personnel and redefine work assignments for many positions. It is reasonable to expect that the City would lose some productivity as part of such a large-scale reorganization. However, the magnitude of any loss of productivity is difficult to project or quantify.

In addition, it has been assumed in this report that all current City department managers would remain with the City, and the Valley City would obtain its own department heads from the pool of staff transferred. This assumption may result in a lack of highly specialized department managers at the new city, which may negatively impact the level of productivity or quality of service provided. Again, the magnitude of any negative impact is difficult to quantify.

The City has also asserted, as part of the data collection process for this study, that the level of effort for many of its service requirements or legal mandates is fixed and would not be reduced in the event of a special reorganization. Therefore, any loss of staff would negatively impact the City's ability to meet its fixed service requirements. To the extent possible, this fiscal analysis has attempted to identify any fixed service requirements of the City, and has assumed that these services would continue to be provided exclusively by the City without a transfer of staff to the proposed Valley City.

However, it is expected that the City will provide additional information regarding its fixed service requirements in response to the applicant's final proposal, and the potential negative impact on the City's ability to meet any legal mandates can be addressed as part of the final comprehensive fiscal analysis.

In addition to the loss of productivity for certain positions that may need to be reassigned to new duties, both the City and new Valley City may experience diseconomies of scale for certain services, whereby the service would have been provided in a more cost-effective manner if provided solely by the City. In fact, as discussed above, it is assumed the applicant would contract with the City for many services that would be difficult to provide independently by the Valley City.

Reallocation of County and State Funds

A more easily quantifiable impact on City services that would result from a special reorganization is the reallocation of county and state revenue. Certain "special purpose" revenues received by the City are allocated to cities within the county or state based on population. The expenditure of these funds, however, is not currently distributed evenly throughout the City. For example, the City is currently allocated Proposition A "local return" county sales tax revenue based on population in the City. The Proposition A sales tax pays for "DASH" service throughout the City, with a concentration of service in Civic Center. Upon incorporation, the Valley City would be allocated approximately 35.51% of the Proposition A tax that would have otherwise been paid to the City (an amount proportional to the population in the Valley special reorganization area), whereas currently only 2 of 27 routes, or 7% of the City's DASH service is provided in the Valley. A special reorganization would likely result in a relative loss of transit revenue to the City, and the City's remaining DASH transit services would need to be reduced (unless funding from another source was diverted), irrespective of the need to calculate revenue neutrality.

A reallocation of funds would also occur for state Gas Tax revenue, which was budgeted at \$98.3 million in fiscal year 2000-01. Although 44% of the City's street miles are in the Valley, street services are provided based on a number of factors, including the age of the street. To the extent services are not provided in proportion to population, a reduction in service could be experienced by the City or proposed Valley City.

Potential for Additional Costs

It is important to restate that the estimated transition costs identified in this report are what is believed to be a minimum amount. The actual amount of transition costs relating only to the provision of the City's IT environment may be as high as \$15 million or more annually. Other additive costs may also arise resulting from the need to provide office space in the Valley, unforeseen logistical difficulties in dividing vital functions, and legal and administrative costs associated with the transfer of City employees, among others. These costs could exceed the estimated \$10.8 million in additional revenue that would accrue to the Valley, and would require a Valley City to attempt to enhance its revenue generation or reduce other expenditures to meet future budgets. Any forced reduction in expenditures resulting from excessive transition costs may negatively impact the level of service provided by the Valley City.

2. Valley Area Proposal for Special Reorganization

The Valley applicant submitted a vision statement to LAFCO in May 2000.⁸ Among some of the most significant components, the vision statement proposes that upon incorporation the new Valley City “shall be responsible for maintaining and operating its own departments and municipal services”⁹ and shall receive a proportional share of all assets, revenues, and debt “regardless of which area of the city they are located...”¹⁰ For the City’s independent and proprietary departments, it is proposed by the applicant that the new Valley City would contract for service during the first three years of incorporation and would concurrently negotiate the terms of a joint powers arrangement with the City.¹¹ In the event an agreement could not be made, the applicant proposes that the new city should be allocated a proportional share of assets of the departments.

Organizational Structure

The applicant has proposed that the Valley City would operate as a general law city with a city council comprised of one councilperson per 100,000 residents. A mayor would be elected by the public and serve as executive officer. The organization of city staff would be similar to that of the City of Los Angeles. The applicant has also proposed that the Valley City would observe existing laws and ordinances of the City of Los Angeles. This has been interpreted to mean that the new city would, where appropriate, adhere to the terms of the existing City Charter, Administrative Code, and Municipal Code.

Services to be Provided

The Valley applicant has generally proposed that it is entitled to a proportionate share of all City services. The Valley applicant has proposed that all existing departmental personnel, equipment, and facilities, plus a pro rata allocation of “central services” which would be administered locally, would be allocated to the Valley at the same level it is currently provided by the City. It also appears that the applicant has proposed that, if it is determined the level of service provided in the Valley is not proportionate, the level of municipal services be adjusted between the Valley and City based on population, geographic area, or another appropriate method.

Allocation of Assets

The applicant proposes that all City assets currently within the geographical boundary of the new Valley City would be transferred to the new city without payment. These assets include utility lines, streets, sidewalks, libraries, and fire stations. The Valley City would also receive a proportional interest in all assets of the City, including “centralized assets” and assets located outside of the boundaries of the Valley City. The value of the Valley’s proportional share of all City assets would be compared to the value of assets transferred to the Valley (those within the boundary of the Valley). The applicant proposes that any difference in the values would be reconciled through a payment by either the Valley or City of Los Angeles, and that the Valley City would receive a pro rata allocation of all cash, supplies, vehicles, and other like assets.

Other Considerations

In addition to the specific proposals made by the Valley applicant, other broad considerations were requested. The applicant has proposed that any division of city services be made “with minimal impact upon city services, operations, departments, employees and residents.” Furthermore, it has been proposed that the elected mayor and city council of the Valley City would decide upon any proposition that would affect the residents of the Valley.

⁸ LAFCO has not adopted or approved the applicant’s vision statement and has the discretion to revise the applicant’s proposal.

⁹ “Applicant’s Preliminary Vision Statement for a Valley City,” p. 8, dated March 1, 2000.

¹⁰ *ibid*, p. 6.

¹¹ Independent and proprietary departments differ from other City departments in that they control their own funds. These departments include the Airports, Harbor, Library, Recreation and Parks, and Water and Power.

Consideration of the tenets included in the Valley vision statement has been made in the development of the initial fiscal analysis, except to the extent not practicable, and to the extent the applicant's proposal is not consistent with or conflicts with the Cortese-Knox Act.

3. Transfer of Service, Costs, Revenues, and Assets

The applicant has proposed that as a result of a special reorganization it shall control all services currently provided in the Valley by the City of Los Angeles. However, the applicant has not developed a detailed plan that identifies specifically how the services would be transferred. This section describes the assumptions used in the initial fiscal analysis in order to identify a viable process for the transfer of existing services and any associated personnel, equipment, and assets of the City.

Apportionment Methodology

The Valley applicant has proposed to assume responsibility for all services currently provided by the City in the San Fernando Valley, as well as a proportionate share of centralized service. The identification of City of Los Angeles municipal services currently provided in the Valley is a relatively straightforward matter, in that the City has assigned personnel and has located facilities in the Valley, which represent the level of services to the Valley. In addition, any City personnel that are not physically located in the San Fernando Valley, but provide service to the Valley, can be identified through an analysis of the functional organization charts of the various City departments.

The applicant has also proposed that it is entitled to a proportional share of all City services. One difficulty that may arise in attempting to allocate services proportionally (presumably according to population or geographical area) is that the Valley may not currently receive a proportional level of municipal services. This report provides an analysis only of services provided for the benefit of the San Fernando Valley, and does not assess any existing disproportional allocation of service by the City.

In consideration of all aspects of the applicant's proposal, the initial fiscal analysis will assess the fiscal impact of transferring only those City services currently provided for the businesses and residents of the San Fernando Valley. This includes those services physically located in the Valley, as well as services provided by centrally located City staff for the benefit of the Valley. City expenditures for those services are estimated based on the number of staff or level of contracted service used for the benefit of the Valley.

It must be noted that the identification of the City services and personnel that currently benefit the Valley is a highly complex matter, and requires that assumptions be made based on independent analysis as well as data provided by the City. Furthermore, the methodology for determining which services and assets could transfer to the Valley City (as a result of the special reorganization) not only attempts to identify City personnel and assets that serve or benefit the Valley, but also considers the viability of transferring those City personnel or assets, given the physical and legal constraints that may make such a transfer prohibitively costly or time-consuming. Certain functions, although directly serving the residents of the Valley, could not be expected to transfer from the City with a reasonable level of certainty or within a reasonable amount of time, as the transfer of services may impact existing agreements between the City and other affected parties. Additionally, many City systems, such as communications systems and computer applications, have been designed for specific City uses and cannot be easily divested and apportioned to the proposed Valley City. A division of many of the City's complex technology systems would require a substantial level of time and effort in order to reconfigure the existing system and redesign a new system for the Valley City. Therefore, an attempt has been made, as part of this initial fiscal analysis, to identify only those services that could reasonably be expected to transfer to a newly incorporated Valley City.

The initial fiscal analysis does not provide an assessment of any reallocation of service within the City. However, LAFCO may yet consider alternative allocations of services, staff, or assets in an attempt to mitigate any negative fiscal impact on the City resulting from the special reorganization. This analysis attempts to provide sufficient information to allow LAFCO to identify any potential terms and conditions that may be imposed on a proposed special reorganization in the Valley.

Direct Services

For services that provide a direct benefit to residents and businesses, the level of service provided to the Valley can be identified based on the service area or allocation of workload of the particular municipal function. In most instances, the service area is related to the location of municipal facilities. For example, police and fire stations located in the Valley likely provide service primarily to the Valley. The level of staffing and amount of expenditures for these facilities can be identified.

Some direct services are not geographically distributed throughout the City, even though these services provide a direct benefit to the Valley. Many City services are centrally located but contain staff dedicated to certain areas of the City. In these instances, an attempt has been made to determine the functional organization of the centralized City service and identify personnel dedicated to the Valley. If no such allocation of personnel exists, then an analysis of the workload of the particular City service has been undertaken to estimate the level of effort provided to the Valley.

Indirect Support Services

Other services provided by the City do not directly serve the residents and businesses of the City but exist primarily as a support to other City departments. These services include General Services, City Clerk, Administrative and Research Services, Controller, et al. An allocation of indirect support services to the Valley can be made based on the number of employees, population of the Valley, or level of expenditures transferred.

Revenue

Although the applicant has proposed that a proportionate share of all City revenues would be transferred, an attempt has been made as part of this fiscal analysis to identify and transfer only those revenues generated within the geographical boundaries of the Valley City.

The amount of revenues generated by the proposed Valley City has been estimated, for the most part, by the City of Los Angeles. The amount of property tax generated by the proposed Valley City has been estimated by the Assessor's Office of the County of Los Angeles. A detailed discussion and review of the City and County estimates is provided in section "- Transfer of Revenues" of this report.

Assets

The provision of service by the City relies upon the availability of equipment and physical assets. In accordance with the applicant's proposal, it is assumed as part of the initial fiscal analysis that all equipment and physical assets currently used in the delivery of service to the Valley would be transferred to the new Valley City without payment.

Assets that are not within the boundary of the Valley or are not required to provide a service under the direct control of the Valley are not assumed transferred. The Valley applicant has proposed that the value of all assets in the City would be compared to the assets in the Valley in order to identify the proportional share transferred to the Valley. If the value of assets within the Valley is not equal to a proportional allocation of total City assets, either the City or the new Valley City would make an equity payment. An analysis of any equity payment to or from the City has not been undertaken as part of this initial fiscal analysis.

Alternatives for the Provision of Municipal Facilities

It has been assumed for the purposes of this analysis that City municipal facilities (e.g., administration buildings, police stations, fire stations, libraries, and parks) that are required in the provision of service to be performed by the Valley City, and which would not be needed by the remaining City of Los Angeles, would be transferred to the Valley City without payment. Although discretionary authority for the transfer of assets as part of a special reorganization appears to be provided in the Government Code, the new city is not legally entitled to a proportional share of assets, and would be subject to the discretion of LAFCO regarding the terms of any transfer of City-owned assets. Alternatives for the provision of municipal facilities would include the leasing of facilities by the Valley City or the purchase

or construction of facilities. These alternatives have not been addressed in this analysis, but may be addressed in the comprehensive fiscal analysis.

Transition of Service to the New City

As discussed throughout this report, many issues must be resolved in order for the Valley City to assume responsibility for the proposed municipal services. For example, the City must identify which specific employees would transfer to the Valley City and negotiate the transfer with its existing bargaining units, must review and make changes to its Charter, must ensure any reorganization complies with legal requirements such as its consent decrees, and resolve technical problems relating to the sharing or dividing of assets. The process required to resolve many of these issues has not yet been identified, and it is expected that the applicant and City of Los Angeles will provide additional insights into these issues prior to the preparation of the final comprehensive fiscal analysis and prior to a potential special election.

For the purposes of this report, it has been assumed an 8-month transition period would occur from the effective date of the incorporation, November 5, 2002, to the date the Valley City would actually assume responsibility for services on July 1, 2003. During the transition period, it is assumed the Valley City would continue to rely on the City of Los Angeles for the provision of all municipal services, and the City would continue to receive all municipal revenue, except for any incrementally higher motor vehicle license fee and gas tax revenue that would accrue solely to the Valley. It is assumed the Valley City would incur some costs during the transition period for planning activities related to the start-up of the city.

To the extent any issues related to the transition of service are not resolved prior to the proposed special election, the transition period may exceed the assumed 8-month period.

Budgetary Departments

The various City departments for which the budget is controlled by City Council are referred to as "budgetary departments." Those departments that have control of their own funds are discussed in section "Other Departments." Certain budgeted expenditures made by the City that are not associated with a specific department are discussed in section "Non-Departmental."

The Los Angeles Convention Center and Zoo Department are not assumed transferred to the proposed Valley City, given the Los Angeles Convention Center and Los Angeles Zoo are not within the proposed boundaries of the area of special reorganization.

Administrative and Research Services

The Office of Administrative and Research Services (OARS) is the chief financial advisor to the Mayor and City Council. OARS conducts studies and investigations, carries out research, and makes recommendations on City management matters. OARS assists the Mayor and City Council in the preparation of the City budget and plans and directs the development of work programs and standards. It represents the management of the City in negotiating all labor contracts, administers the City's debt management program, and coordinates application for federal and state grants and claims for disaster relief. OARS also provides support for the Quality and Productivity Commission and performs other duties required by the Mayor and City Council.

Distribution of Service Within the City

OARS generally performs internal City services, which are conducted at two offices located on the 6th and 15th floors of City Hall East. OARS also provides direct public service at the Public Information Desk located on the 2nd floor of City Hall East. Information Desk staff provide assistance, both in-person and telephonically, to individuals who need general information about City Hall and the offices located therein.

Proposed Apportionment

The Applicant's proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from OARS. Such an apportionment could be accomplished by transferring to the new Valley City those department personnel that, as of fiscal year 2000-01, provide services to the Valley and a proportionate share of the assets used to provide direct administrative support to the department.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. According to the department's fiscal year 2000-01 organizational chart, the department had 118 budgeted positions.

The Department is comprised of five divisions, the functions of which are described in the table below.

OFFICE OF ADMINISTRATIVE RESEARCH SERVICES INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Mgmt. and Exec. Support	Responsible for managing the department.
Budget and Capital Programming	Comprised of five groups that provide services to the City related to finance, budgeting, and debt administration.
Management Services	Comprised of six groups that provide review and analysis related to grants management, various departmental budgets, disaster grants, and departmental and interdepartmental IT and communication services. It is also responsible for the City's Risk Management Program and provides staff support for the Quality and Productivity Commission.
Employee Relations	Responsible for labor relations, oversight and enforcement of the City's Living Wage, Service Contract Worker Retention and Equal Benefits Ordinances.
Office Services	Responsible for the Department's Accounting, Payroll, Personnel Services, Word Processing and Records sections.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 30 positions provide service to the Valley. This estimate is based on the fiscal year 2000-01 budget, and on a total of 118

positions in the department. A special reorganization would thus result in roughly 25 percent of the department's staff being transferred to the new Valley City.

**OFFICE OF ADMINISTRATIVE RESEARCH SERVICES
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management and Executive Support	Proportion of employees	8	2
Office Services	Proportion of employees	15	4
Information Center	None-provides services to individuals calling or visiting City Hall	1	0
Budget and Capital Programming	Proportion of citywide employees	30	8
Management Services	Proportion of citywide employees	44	11
Employee Relations	Proportion of citywide employees	20	5
Total		118	30

The methodology used to estimate the number of positions providing service to the Valley is as follows. The Management and the Office Services Divisions primarily support the activities of the department's other divisions. Their staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

The Information Desk portion of Offices Services would be apportioned geographically. Because the Information Desk primarily services individuals visiting City Hall or those calling to acquire information about City Hall, the staff dedicated to the Desk should remain under control of the City. The new Valley City would need to hire an individual to staff its Information Desk, should a special reorganization occur.

The Budget and Capital Programming Division is comprised of five groups that provide services to the City related to finance, budgeting, and debt administration. The majority of these groups provide services to a select group of City departments as well as services that have citywide application. For example, the Finance Group is responsible for coordinating the development of revenue and supporting documentation for the annual budget, for monitoring actual revenues and expenditures during the fiscal year, and for providing periodic financial status reports to the Mayor and Council. The Group also has specific budget responsibility for the Office of Finance, City Clerk, General City Purposes, the Unappropriated Balance and the Reserve Fund. Given the wide scope of internal support services provided by this Group as well as others in the division, it appears reasonable to assume that the division serves the Valley based on the proportion of employees citywide that would transfer to the proposed Valley City, should a special reorganization occur.

The Management Services Division is comprised of six groups that generally provide review and analysis related to grants management, budget review services, disaster grant administration, and departmental and interdepartmental IT and communication services. The division is also responsible for the City's Risk Management Program and provides staff support for the Quality and Productivity Commission. The vast majority of the division's groups provides services to a wide selection of City Departments and/or provides services that have citywide application. For example, the Proprietary Departments Analysis and Disaster Grants Group is responsible for financial and budgetary analysis for the Personnel Department and the City's proprietary departments. This Group is also responsible for Disaster Grants Administration and coordinating the printing of the Mayor's proposed and Adopted Budgets. Given the wide scope of internal support services provided by this Group as well as others in

the division, it too appears reasonable to apportion using the proportion of employees citywide that would transfer to the proposed Valley City.

The Employee Relations Division is responsible for representing the City's management in relations with employee representatives pertaining to economic or citywide issues, advising departments on salary, organizational and contract matters, and for the oversight and enforcement of the City's Living Wage, Service Contract Worker Retention and Equal Benefits Ordinances. These services are a function of the number of citywide employees. The division can therefore be apportioned using the proportion of employees citywide that would transfer to the proposed Valley City as part of the special reorganization.

The department also has budgeted for the cost of a small number of "as needed" Administrative Trainee positions. A proportional amount of the cost of these positions are assumed transferred to the Valley City in the same percentage as the number of budgeted positions transferred.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout OARS does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 118 positions, roughly 67 percent are professional/technical. The professional/technical positions consist of Finance Specialists, Analysts, Fiscal Systems Specialists, and Risk Managers. The clerical/administrative category comprises 22 percent of department staff. It includes Secretaries, the Quality and Productivity Commission Executive Assistant and Clerks. Finally, roughly 11 percent of department staff are either upper management or highly specialized. This category includes the City Administrative Officer, Assistant City Administrative Officer, division group Chiefs, and Director of Systems.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the 30 positions apportioned to the Valley would consist of the following: 20 profession/technical positions, 7 clerical/administrative positions, and 3 management/specialists. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

OFFICE OF ADMINISTRATIVE AND RESEARCH SERVICES COMPOSITION OF WORKFORCE		
<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	79	67%
Clerical/Administrative	26	22%
Management/Specialists	13	11%
Total	118	

Transfer of Equipment and Facilities

The applicant's proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets (including IT applications) used to provide services to the Valley. In general, this would include transferring a proportionate share of centrally located equipment and other assets to the new Valley City. However, as discussed in the section "Valley City Start-Up Costs," many of these City assets may not be divisible, or it may not be feasible or economical to duplicate.

The department has identified an IT application that may be required by a new Valley City, which cannot be easily apportioned from the City. The department's automated budget system, called BRASS, is used to produce the City's Budget and Detail of Department Programs With Financial Summaries. OARS has stated that it has spent \$454,515 for BRASS software installation and development. Licensing costs are approximately \$28,000 per year. It is likely that this software has been designed to accommodate the City's current budget system, and therefore could not be transferred or duplicated for the new city without significant redesign. If the new Valley City elected to use BRASS to produce its budget documents, it would need to pay for the development of a new system and would need to pay its own licensing and maintenance fees. For the purposes of this report, it is assumed that Valley City would not purchase a budgeting application, and would prepare its annual budget without the use of the BRASS application.

Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development or transfer of equipment and systems to the new Valley City.

Projected Expenditures

The special reorganization would result in the transfer of 35 positions, or roughly 29 percent of the department's staff, to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The department contracts with outside vendors for specialized services generally including but not limited to revenue report application maintenance, Automated Budget System maintenance, annual maintenance of BRASS software and other BRASS-related services, graphics, auditing of outside legal bills, retirement and employee benefit studies, and employee fact-finding and arbitration. For fiscal year 2000-01 OARS budgeted \$539,475 for contractual services. It is assumed that the new city's OARS will require a proportional amount of contractual services to maintain similar levels of operation.

Department Start-up Costs

The department would require the provisions of office space, and would need to be incorporated into the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in the section "Start-Up Costs."

Projected Revenues

The department has historically received the majority of its funding from the City's General Fund. The department receives the balance of its funds from the L.A. Convention & Visitors Bureau Fund, the Sewer Construction & Maintenance Fund, Proposition C Anti-Gridlock Transit Fund, and the Disaster Assistance Trust Fund.

As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. Because it has been assumed in this report that the proposed Valley City would not obtain control of the Convention Center or the City's sewer system upon a special reorganization, the department would not need to create its own Los Angeles Convention & Visitors Bureau Fund or Sewer Construction and Maintenance Fund, and would not

incur costs related to these assets. It is expected that the new city would receive revenue from its own Proposition C Anti-Gridlock Transit Fund, and an amount proportional to the City's fiscal year 2000-01 funding allocation is assumed for the Valley City OARS department.

The following table represents General Fund departmental receipts. The department's gross receipts represent its total cost recovery to the General Fund. The new Valley City's departmental receipts would be contributed to the Valley General Fund. The amount of the General Fund departmental receipts that are currently generated by the Valley, as well as other General Fund receipts that would be contributed to the new city are discussed in section "Transfer of Revenue."

**OFFICE OF ADMINISTRATIVE AND RESEARCH SERVICES
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Reimbursement from Other Funds	\$ 107,360
Quasi-External Transaction (Service to Proprietary Departments)	572,090
Other Current Service Charges	2,000
Quasi-External Transactions (Service to the CRA)	225,800
Total	\$ 907,250

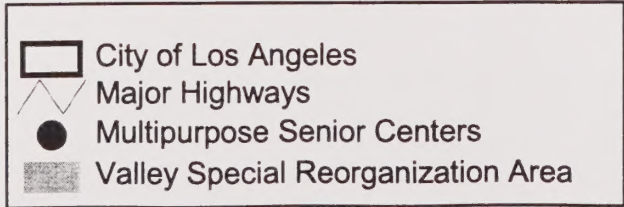
Aging

The Department of Aging manages the City's Senior Citizen activities. The primary function of the department is the management of the federal Older Americans Act (OAA) and the Older Californians Act (OCA), which are allocated through the California State Department of Aging. The OAA was enacted in 1965 to provide funding for social, employment, transportation, and nutrition programs for persons sixty years of age and older. OAA funding is allocated to California for designated uses based on the number of seniors. The California State Department of Aging allocates funding to local Area Agencies on Aging (AAA) within the State, including the City of Los Angeles, which are primarily responsible for the provision of service to seniors.

Distribution of Service within City

The City of Los Angeles, simultaneously designated as the Area Aging Agency (AAA) and a Planning and Service Area (PSA 25), manages the use of OAA funding in 15 Aging Service Areas (ASAs) within the City; five of which are located in the San Fernando Valley. OAA funding is used for services managed by the department that are available through the City's Multipurpose Senior Centers. The Multipurpose Senior Centers are operated by non-profit agencies, and provide direct services including nutrition programs, case management, and paratransit door-to-door service. As of fiscal year 2000-01, 16 Multipurpose Senior Centers are available in the City, with five located within the boundaries of the proposed Valley area of special reorganization.

City of Los Angeles Multipurpose Senior Centers



In addition to the services available at the Multipurpose Senior Centers, the Department of Aging centrally manages and operates direct programs including the Emergency Alert Response System (EARS), which involves the distribution of medical monitoring equipment, and a job training program for low income residents who are 55 and older.

All City-employed department staff are located at City office space in the Mid-Wilshire area of Los Angeles. Including the direct services described above, department staff administers the OAA funds from the State, manages contracts with the Multipurpose Center non-profit agencies, and provides for direct administrative support of the Department of Aging.

Proposed Apportionment

Department of Aging services in the San Fernando Valley are mostly provided directly through the operation of five Multipurpose Senior Centers in the Valley. Assuming control of City aging services in the Valley could be accomplished by transferring the responsibility for the operation of these Multipurpose Senior Centers to the new Valley City. This would require an amendment to the contracts with the non-profit agencies, a transfer of City staff sufficient to manage the contracts as well as department funding, and the development of a mechanism to provide a proportional level of Older Americans Act funds for the Valley City.

In order for the Valley City to receive OAA and OCA funds, it would either need to be designated as a PSA or rely on the City of Los Angeles to pass through sufficient funds to preserve service in the Valley. To be designated as a PSA, the Valley City would need to be approved as such by the California Department of Aging, as set forth in the California Code of Regulations. It is assumed in this analysis that either the Valley City would be designated as a PSA beginning in fiscal year 2003-04 or would receive funds from the City based on the City Funding Formula (see below).

However, it is assumed that department services related to the EARS cannot transfer to the Valley. The EARS is a non-divisible system and cannot be allocated between the City and new Valley City. Thus, the allocation of department personnel to operate the EARS is not assumed to occur in this analysis. It should also be noted that funding for department positions to operate EARS is provided outside the City Budget.

Transfer of City Personnel

In order for the new Valley City to provide the current level of Aging Department service in the Valley (excluding OAA and OCA grant funded programs and the EARS), a sufficient number of City personnel must be transferred that can effectively manage the remaining direct services of the department. An estimate of the number of department staff that work for the benefit of the Valley can be made based on the proportion of workload or demand for the services in the Valley.

For fiscal year 2000-01 the Department of Aging has budgeted 48 positions, all of which are located in City office space at 2404 Wilshire Boulevard in the City of Los Angeles. The department is organized into four divisions. The table below summarizes the primary functions of each division.

**DEPARTMENT OF AGING
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Fiscal and personnel administration; program planning.
Planning, Public Affairs, Community Education & Outreach Division	Contractor selection; analysis of State legislation; State reporting.
Contract Development, Program Management & Technical Assistance Division	Develops and monitors contracts with non-profits; compliance with federal, state, and city regulations.
Administrative & Financial Support Services Division	Administers grants and departmental operations.
Direct Services Division	Provides information to seniors; operates EARS program; Senior Employment Program.

Based upon an analysis of the functions of each division, position descriptions, and workload indicators, an estimate of the proportion of each departmental division providing service to the Valley can be made.

Department personnel within the Planning, Public Affairs Division and Contract Development Division are not allocated to the Valley, although these personnel provide service to the Valley, because of the uncertainty over the provision of OAA and OCA funds to a new Valley City.

The number of staff of the Direct Services Division that work for the benefit of the Valley is estimated using a City Funding Formula (CFF). The CFF is used to allocate OAA funds to the ASAs in the City and appears to reflect the service needs of seniors. The CFF applies a 20 percent weight to the number of seniors age 60 or above, a 30 percent weight to the number of frail seniors (those 65 or older needing mobility assistance), a 25 percent weight to the number of low income seniors (60 or above at or below the federal poverty line), and a 25 percent weight to the number of seniors that are minorities.¹² Since 1987, the CFF has been used to ensure the City meets the OAA mandate that funding distribution match the number of senior within each ASA. Based on the demographic profile of the Valley, 28.55% of OAA funds are allocated using the CFF. This percentage is used to estimate the number of personnel in the Direct Services Division that provide services for the benefit of the Valley.

Beginning in fiscal year 2006-07, the CFF is also used to identify the number of the Planning, Public Affairs, Community Education & Outreach Division and the Contract Development, Program Management & Technical Assistance Division staff that would be required to administer the expenditure of OAA and OCA funds for the Valley City. Prior to fiscal year 2006-07, the CFF is used to estimate the number of City personnel required in providing contracted Aging department service to the Valley City.

The proportion of Administrative & Financial Support Services Division staff providing support service to Valley staff is based on the percentage of City employees that would transfer to the new Valley City.

¹² City of Los Angeles, *2000-2001 Update to the 1997-2001 Planning and Service Area Plan*, p. 71.

**DEPARTMENT OF AGING
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Funded Off-Budget</u>	<u>Valley Allocation</u>
Management	Proportion of employees	4		1
Planning, Public Affairs, Community Education & Outreach Division	City Funding Formula	8		2
Contract Development, Program Management & Technical Assistance Division	City Funding Formula	11		3
Administrative & Financial Support Services Division	Proportion of employees	18		5
Direct Services Division	City Funding Formula	7	4	2
Total		48	4	13

Based on this analysis, the Valley applicant's proposal to control services provided by the department would require 13, or 27.08% of the department staff to transfer to the proposed Valley City in fiscal year 2003-04.

Given that the skill level, training, and experience is not uniform among all department staff, an analysis of the current positions by the department must be undertaken to ensure qualified staff are both transferred to the new Valley City and retained by the City of Los Angeles. As of fiscal year 2000-01, the department staff included 35 analyst and accounting positions, 9 administrative positions, and 4 positions that, based on the City's description of positions, could be characterized as specialists.

Based upon a review of the position descriptions within the department, the work performed by the analyst and accounting positions varies among a wide range of services, including the servicing, monitoring, and evaluation of programs, grants, and contracts. However, the analytical work and auditing functions do not require professional certifications and could arguably be performed by each of the analytical and accounting staff, given a sufficient level of training. Therefore, a proportion of the analytical and accounting staff could be expected to transfer to the Valley City without regard to their current assignment or tasks performed. This would result in an allocation of 2 analyst positions.

**DEPARTMENT OF AGING
COMPOSITION OF STAFF, FISCAL YEAR 2000-01**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	4			2	Secretary	2	Manager
Planning, Public Affairs, Community Education & Outreach Division	8	7	Analyst	1	Clerk		
Contract Development, Program Management & Technical Assistance Division	11	8	Analyst	2	Clerk	1	Nutritionist
Administrative & Financial Support Services Division	18	6	Analyst	3	Clerk	1	Systems analyst
Direct Services Division	7	8	Accountant				
		6	Analyst	1	Clerk		
Total	48	35		9		4	
Percent of Total	--	72.9%		18.8%		8.3%	

No specialized department staffing have been identified that, upon apportionment from the City, would leave the City unable to provide a comparable level of service in other areas of the City. The department currently employs a nutritionist responsible for monitoring the department's nutrition programs. However, this position does not appear to be a mandate of any State or federal agency, or contingent upon the receipt of funds, and the Valley City could provide existing services without the transfer of such a position. Therefore, the transfer of 13 positions to the new Valley City would not be expected to cause a significant disruption of service in the remaining City.

Transfer of Equipment and Facilities

Excluding any office space and basic office equipment needed for Valley staff to perform the administrative functions transferred to the Valley City, no department-specific, specialized equipment or assets have been identified that would be required for the Valley City.

Transition of Service to New City

The service provided by the department does not appear to be significantly integrated with municipal services provided by other City departments. The department does administer certain transit services that are funded by Proposition A local transportation taxes that, to some extent, must be coordinated with the City's Department of Transportation. However, a transfer of elderly paratransit service to a proposed Valley City would not be expected to require a substantial level of effort.

The 13 positions that would be transferred to the Valley City could be relocated at a new Valley City work location and be expected to begin work once the administrative infrastructure (e.g., payroll, accounting, and information systems) is operational. As discussed in section "Valley City Start-Up Costs," it is estimated that the development of the required administrative infrastructure would occur within an 8-month period.

Projected Expenditures

The assumption of these services by a Valley City is estimated to require the transfer of 13 department staff to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The City of Los Angeles does not expect any significant changes to its staffing level during the planning period, or any substantial changes to the level of service provided. Therefore staffing for the new Valley department is projected at 13 positions beginning in fiscal year 2003-04.

Contractual Services

For most of the programs supported by grant funds, the Aging department, under the control of the City, relies substantially on non-profit agencies and community-based organizations to provide direct services to the City. In fiscal year 2003-04, when the new Valley City is expected to obtain OAA and OCA funding, it is assumed that the Valley City would retain control of the contractual services provided in the Valley. The projected expenditures for Valley City contractual services are estimated by applying the CFF to projected City of Los Angeles contractual services expenditures.

Projected Revenues

The City has historically funded the costs associated with department staff and related expenses from the City's General Fund, and from OAA and other grants. In addition to City expenses, the department has administered the expenditure of grant funding for aging department programs performed through contractual service. The table below shows the budgeted amount of funding by source for fiscal year 2000-01.

DEPARTMENT OF AGING SOURCE OF FUNDS	
<u>Source of Funds</u>	<u>2000-01 Budget</u>
City Expenditures:	
General Fund	\$ 1,057,029
Community Development Trust Fund	277,275
Older Americans Act Fund	1,284,541
Proposition A Local Transit Fund	290,047
AB 2800 Senior Services Grant	83,214
Total City Expenditures	\$ 2,992,106

As shown in the "Source of Funds" table above, the primary source of funding for city expenditures is the OAA, which funds \$1.284 million, or 43% of total city expenditures in fiscal year 2000-01. It has been assumed in this analysis that the Valley City would be able to apply for and receive OAA funds from the State, or receive funds from the City beginning in fiscal year 2003-04. The amount of OAA funding to be received by the Valley City is estimated by applying the City Funding Formula attributable to the Valley (28.55%) to the total projected amount of OAA funds available citywide.

The department has also budgeted revenue from the community development block grant, which is deposited into the "Community Development Trust Fund" by the City. It is estimated that the Valley City would receive 25% of the block grant funds currently received by the City. The community development block grant and future allocation to the Valley City is discussed in section "- Community Development Department."

As a newly incorporated city, the Valley City would receive Proposition A sales tax revenue and could utilize these funds to support its aging-related services. For example, Valley City expenditures for paratransit service could be eligible for funding from Proposition A sales tax revenue in the Valley. It is assumed in this analysis that the Valley City would utilize Proposition A funding in a manner and amount proportional to the City of Los Angeles.

The City currently collects "departmental receipts," or fees for services provided by the department. These General Fund Departmental Receipts are summarized in the table below.

**DEPARTMENT OF AGING
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Miscellaneous Revenues	\$ 675
Reimbursement from other Funds	196,468
 Total Aging	 \$ 197,143

The new Valley department would also generate fees for service provided by its new Valley department, which would be contributed to a Valley general fund. The amount of the General Fund Departmental Receipts that are currently generated by the Valley, as well as other general fund receipts that would be contributed to the Valley City general fund, are discussed in section "Transfer of Revenue."

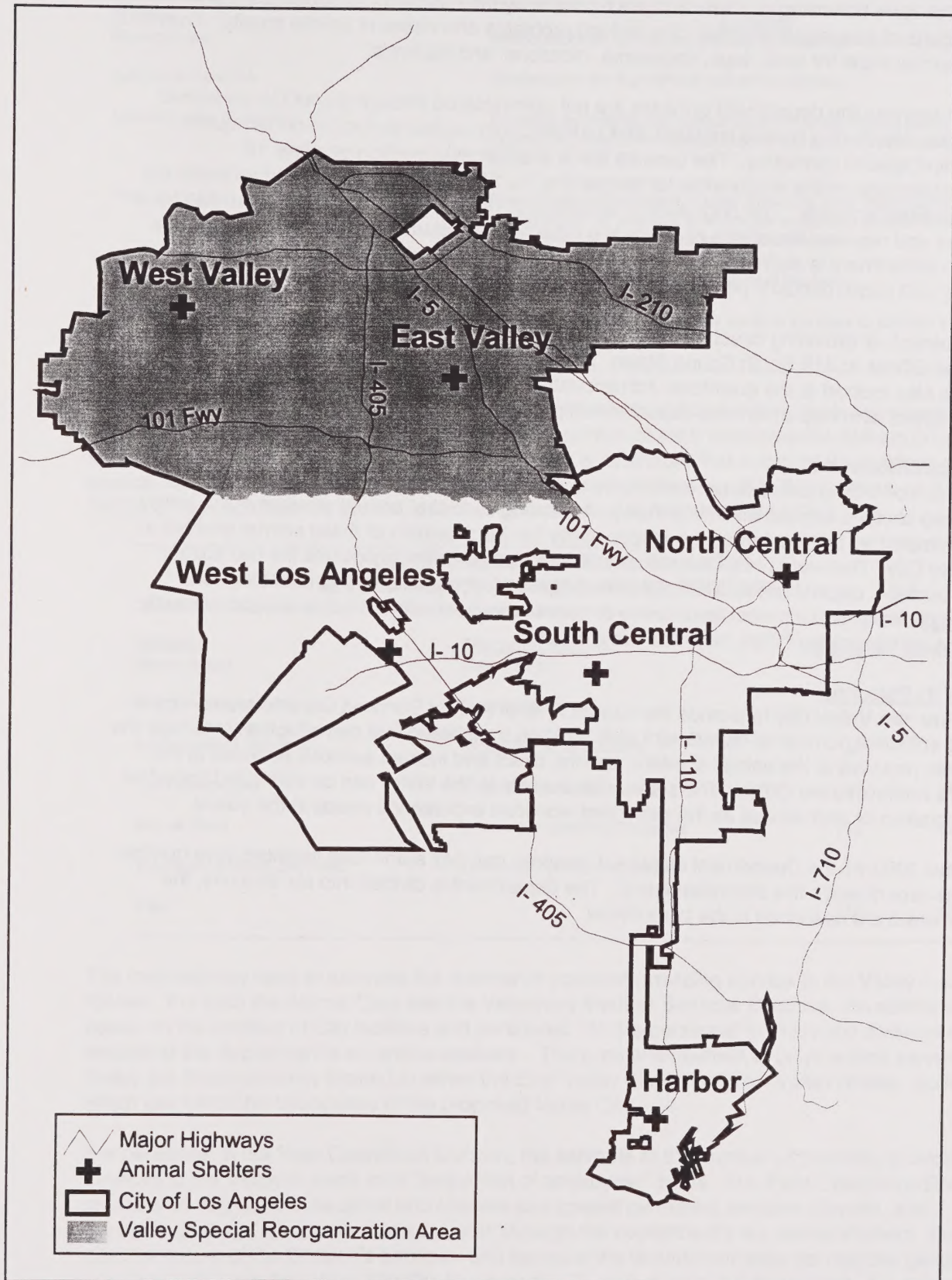
Animal Services

The Department of Animal Services enforces all laws and ordinances regulating the care, custody, control, and prevention of cruelty to animals within the City. In carrying out these functions, the department operates and maintains animal shelters, issues permits, and conducts inspections for the operation of animal establishments. It also issues dog and equine licenses, participates in the County's rabies control program, offers educational services, and conducts administrative hearings to resolve problems concerning dangerous animals and dogs that bark excessively.

Distribution of Service within City

The department provides a majority of its direct services through six animal shelters located throughout the City of Los Angeles. Two of these shelters, the West Valley Animal Care and Control Center ("West Valley Shelter") and the East Valley Animal Care and Control Center ("East Valley Shelter"), are within the boundaries of the proposed Valley City. The West Valley Shelter is in Chatsworth and serves 19 zip codes, all of which are located in the proposed Valley City. The East Valley Shelter is in North Hollywood and serves 23 zip codes, most of which are within the boundaries of the proposed Valley City. Five zip codes served by the East Valley Shelter are not located in the Valley area. Two of the zip codes are in unincorporated areas, two are in the City of Burbank, and one is split between the City of Glendale and an unincorporated area. A map identifying the location of each animal shelter is provided below.

City of Los Angeles Animal Shelters



Each of the department's six animal shelters manages pet adoption and veterinary services that include the treatment for sick, injured or stray animals. The shelters care for pets that are sick, injured, aged, or have behavior problems and are turned in by their owners. In addition, the shelters respond to reports of dangerous animals, dog barking problems and cases of animal cruelty. They also provide animal traps for cats, dogs, opossums, raccoons, and squirrels.

Several direct services the department provides are not administered through any of the six animal shelters. These include dog license issuance and renewal, door-to-door collection of delinquent license fees, and special permitting. The License Issue and Renewal section employs 10 administrative positions and is responsible for processing the 250,000 transactions and requests the department receives annually. The door-to-door collection of delinquent license fees is handled by an outside vendor and requires the efforts of nearly two full-time administrative positions. The Permits Section of the department is staffed by one full time Senior Animal Control officer and makes approximately 900 public contacts per year, collecting \$50,000 in permits and fees.

Department personnel providing direct services are located both at the animal shelters and at the Administrative Offices at 419 South Spring Street. The department's direct administrative support personnel are also located at the downtown Administrative Offices. In addition, the department has five commissioners who help determine departmental policy.

Proposed Apportionment

The Department of Animal Services provides services in the San Fernando Valley predominantly through the two shelters located within the Valley. Assuming control of animal services in the Valley could be accomplished by transferring the responsibility for the operation of these animal shelters to the new Valley City. This would involve a transfer of City staff sufficient to operate the two animal shelters. In addition, department personnel that manage a proportional share of direct services administered centrally, and a proportional share of necessary direct administrative support currently located at the Administrative Office would be transferred.

Transfer of City Personnel

In order for the new Valley City to provide the current level of Animal Services Department service in the Valley, a sufficient number of department staff must be transferred that can effectively manage the direct services provided at the animal shelters, and the direct and indirect services provided at the department's Administrative Office. The staffing attributable to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley.

For fiscal year 2000-01 the Department of Animal Services has 242 authorized positions (this number excludes the department's five commissioners). The department is divided into six divisions, the functions of which are described in the table below.

DEPARTMENT OF ANIMAL SERVICES INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Responsible for overall department management and oversight.
Personnel Services	Responsible for department personnel matters.
Administrative Services	Provides secretarial and clerical support, disseminates public information, oversees budget preparation, and performs several other tasks.
Field Operations	Provides for enforcement of laws relative to care, treatment and impoundment of animals, investigates nuisances created by animals, conducts inspections of animal establishments.
Animal Care	Manage and operate the City's Animal Shelters.
Veterinary Medical Services	Provide professional veterinary medical services to animals in City shelters.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 87 positions currently provide service to the Valley. A special reorganization would thus result in 87 positions, or roughly 36.0% of the department's current staff, being transferred to the new Valley City.

DEPARTMENT OF ANIMAL SERVICES ALLOCATION OF WORKLOAD AND PERSONNEL

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Discretionary	6	2
Personnel Services	Discretionary	4	1
Administrative Services	Proportion of employees	26	9
Field Operations	Proportion of employees	27	10
Animal Care	Location of personnel/facilities	152	55
Veterinary Medical Services	Location of personnel/facilities	27	10
Total		242	87

The methodology used to estimate the number of positions providing service to the Valley is as follows. For both the Animal Care and the Veterinary Medical Services Divisions, the estimate is based on the location of City facilities and personnel. All the personnel in these two divisions are located at the department's six animal shelters. The positions deemed to be providing services to the Valley are those currently located at either the East Valley Shelter or West Valley Shelter, both of which are within the boundaries of the proposed Valley City.

For personnel in the Field Operations Division, the estimate of the number of positions providing services to the Valley is made on a "proportion of employees" basis. The Field Operations Division provides its dog license issuance and renewal and special permitting services citywide, and it generally does not administer these services through the department's six animal shelters. Due to the citywide nature of the Division's services, and because the department does not compile geographic workload indicators that show specifically where the Division carries out its services, it is necessary to use a proxy measure to estimate the number of Division employees providing services to the Valley.

The proxy measure used is the number of employees at the two Valley animal shelters as a percentage of the number of employees located at all six animal shelters. This percentage, 36.31%, is multiplied by the number of positions in the Field Operations Division, 27, to calculate an estimate of 10 positions providing services to the Valley. The key assumption underlying this estimate is that the distribution of animal shelters and the personnel located in these shelters provide a reasonable indicator of the department-wide deployment of resources to different areas in the City.

For both the Management and Personnel Services Divisions, the estimate of the number of positions providing services to the Valley is made on a discretionary basis. Given the small number of staff in these divisions, the estimate reflects a reasoned analysis of the number of staff likely providing service to the Valley.

Finally, for positions in the Administrative Services Division, the estimate of staff providing services to the Valley is made based on the percentage of employees in all other divisions providing services the Valley. The key assumption underlying this estimate is that Administrative Services Division personnel provide administrative support to the rest of the department, and that these support services are distributed proportionately across each departmental division.

In fiscal year 2000-01, the department has also budgeted for 4 "as needed" positions. A proportional amount of the cost of these positions are assumed transferred to the Valley City in the same percentage as the number of budgeted positions transferred.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Animal Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, were a special reorganization to occur, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 242 budgeted positions, roughly 77% are professional/technical, 20% are administrative/support, and 3% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the transfer of the 87 positions estimated to be providing services to the Valley would consist of the following categories of personnel: 67 professional/technical, 17 administrative/support, and 3 specialists.

**DEPARTMENT OF ANIMAL SERVICES
COMPOSITION OF STAFF, FISCAL YEAR 2000-01**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	6	1	Analyst	1	Clerk	1	G. Manager
		1	Director	2	Secretary		
Personnel Services	4	2	Analyst	1	Clerk		
				1	Secretary		
Administrative Services	26	8	Analyst	14	Clerk		
		1	Coordinator				
		2	Accountant				
		1	Officer*				
Field Operations	27	4	Analyst	3	Clerk	1	Director
		19	Officer*				
Animal Care	152	66	Officer*	26	Clerk	1	Veterinarian
		58	Technician**				
Veterinary Medical Services	27	23	Vet. Asst.			4	Veterinarian
Total	242	186		48		7	
Percent of Total	--	77.2%		19.9%		2.9%	

* "Officer" refers to Animal Control Officer

** "Technician" refers to Animal Care Technician

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City. The only employee category with relatively few staff is senior level management in the "specialist" category. It is assumed, however, that the necessary senior management – specifically, an additional General Manager and Director of Field Operations – can be supplied from within the department's current staff to ensure that both the Valley City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service.

Transfer of Equipment and Facilities

As proposed, the special reorganization would result in a transfer of the two shelters located in the San Fernando Valley, the East Valley Animal Shelter and the West Valley Animal Shelter. A description of these two shelters is provided in the table below.

**DEPARTMENT OF ANIMAL SERVICES
ANIMAL SHELTERS TRANSFERRED**

<u>Animal Shelter</u>	<u>Description</u>
East Valley Animal Shelter 13131 Sherman Way North Hollywood, CA 91605	Manage pet adoption, veterinary services, provide vaccination and neutering/spaying of animals.
West Valley Animal Shelter 20655 Plummer Street Chatsworth, CA 91311	Manage pet adoption, veterinary services, provide vaccination and neutering/spaying of animals.

Transition of Service to New City

It is assumed that each shelter is sufficiently staffed and equipped with supplies needed to provide all services performed by the department. It is assumed the City could transfer all required staffing necessary for the two shelters and functionally operate within a minimal 8-month timetable. An 8-month period would also be needed for the Valley City to provide its own workspace for administrative support staff and for the start-up period associated with the initiation of payroll, accounting and information services.

Projected Expenditures

The special reorganization would result in the transfer of 87 positions to the new city. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel and equipment expenditures are also estimated at the departmental average per budgeted employee.

Contractual Services

The department's only use of contractual service is for the collection of delinquent license fees. The fees are collected by door-to-door canvassing for approximately 17,000 new and renewal licenses per year. The fiscal year 2000-01 City of Los Angeles budget appropriates \$123,000 for contractual services. For the purposes of this analysis, it is assumed the new Valley City would also contract for the collection of delinquent license fees. The amount of expenditures for the Valley City contractual services is estimated at 36.0% of the fiscal year 2000-01 amount expended by the City, adjusted for inflation. The 36.0%, which represents the proportion of City staff located in the Valley, is an estimate of the level of service needs in the Valley.

Projected Revenues

The department has been historically funded entirely from the City's General Fund. It is assumed the Valley City will also support its own departmental expenditures entirely with its general fund. No new revenue sources are assumed to be available for the department upon incorporation of the Valley City.

The following table represents General Fund Departmental Receipts for the department. These fees and charges are assessed for services provided by the department and contributed to the City's General Fund.

**DEPARTMENT OF ANIMAL SERVICES
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Animal Licenses	\$ 2,257,556
Other Licenses and Permits	-
Other General Government Services	1,722
Animal Shelter Fee and Charges	929,136
Miscellaneous Revenues	-
 Total Animal Services	 \$ 3,188,414

The department is budgeted to receive approximately \$2.2 million in revenue from animal license fees in fiscal year 2000-01. As of fiscal year 1998-99, 46% of the department's animal license fee revenue was generated within the geographical boundaries of the Valley district. In addition, the Valley area could expect to receive 33.33% of the animal shelter fee and changes revenue, or approximately \$150,000 in fiscal year 2000-01 (1/3 of total revenue from 2 of 6 shelters). For the purposes of this report, it has been assumed that the amount of fiscal year 2000-01 revenue that would accrue to the Valley City would be proportion to population, or 35.31% of the amount budgeted by the City. A detailed analysis of the geographical source of revenue contributed to the City's General Fund is provided in section "Transfer of Revenue."

The projection of expenditures and revenues of the department for the period beginning fiscal year 2002-03 through 2005-06 is provided in the cash flow supplement to this report.

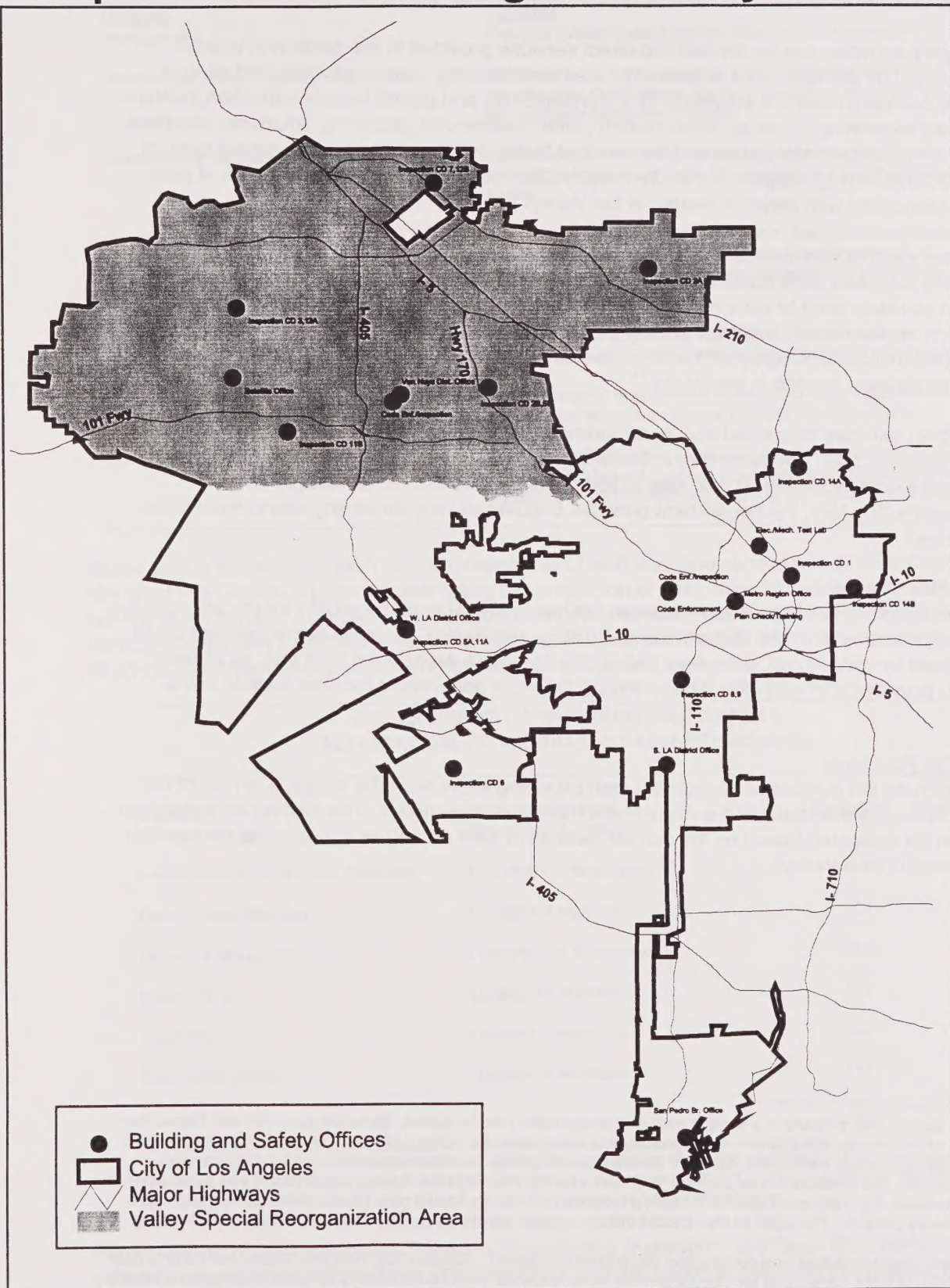
Building and Safety

The Department of Building and Safety regulates all building construction in the City. This includes conducting construction-related plan checks, issuing construction-related permits, and inspecting new and existing structures to ensure these structures comply with local and state laws. The department also conducts in-house staff training and ongoing testing of construction materials and devices.

Distribution of Service within City

The department provides direct services through 22 offices located throughout the City. Five of these offices are District Offices that are open to the public and provide comprehensive services; ten offices focus solely on new construction inspection; and the remaining offices offer various services depending on the particular office (see below for a complete list of department offices and the functions performed at each). The department's headquarters – the Metro District Office – is located in downtown Los Angeles at 201 N. Figueroa Street. In addition to offering comprehensive services to the public, the Metro District Office houses the department's centralized administrative and technical support personnel. A map of all department offices is provided below.

City of Los Angeles Department of Building and Safety Offices



As of fiscal year 2000-01, eight of the department's 22 offices, one of these being a District Office, are within the boundaries of the proposed Valley special reorganization area. These facilities are described in greater detail in the "Proposed Apportionment" section below.

The department's activities can be divided into direct services provided to the public and indirect support services. The primary direct services include plan checking, issuing permits, and various inspection and code enforcement activities. The plan checking and permit issuance function involves department staff examining all construction-related plans: mechanical, plumbing, structural, electrical, fire/sprinkler, et al., for both residential and commercial buildings. According to department data for the period July 1998 through September 2000, roughly 35.9% of permits issued and 36.9% of plan checks were associated with projects located in the Valley.¹³

The department's inspection function includes inspecting all construction activities to ensure compliance with local and state building codes. Inspection functions also include "code enforcement" activities such as responding to construction-related complaints, issuing citations, and responding to nuisances such as abandoned buildings and cars. According to department data for the period July 1998 thru September 2000, roughly 40.1% of inspections and 32.2% of case investigations were associated with projects located in the Valley.¹⁴

Beyond the direct services discussed above, department personnel also perform internal technical and support functions often not performed in other City departments. The department maintains mechanical and electrical testing laboratories to test building materials and investigate new construction methods. Also, the department provides ongoing training for its engineers, inspectors, and management.

Proposed Apportionment

The proposed apportionment seeks to transfer to the new Valley City responsibility for the services the Valley currently receives from the Department of Building and Safety. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Valley; and (2) the eight department facilities located in the Valley.

Transfer of City Personnel

In order to estimate the number of department staff providing services in the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the current location of staff as well as the potential demand for services provided in the Valley.

¹³ The "permits issued" data consists of a sample from new construction permits issued. Between July 1998 and September 2000, a total of 117,102 of the 326,266 permits issued citywide were issued for Valley projects. The types of permits include residential, structural, grading, earthquake, facilities, electrical, public safety, mechanical/plumbing, heating/refrigerator, fire/sprinkler, elevator, and pressure vessel permits. The "plan checks" consist of the regular, appointment, and public counter plan checks. Between July 1998 and September 2000, a total of 27,761 of the 75,182 plan checks conducted citywide were conducted for Valley projects. The types of plan checks include express permit, structural, electrical, mechanical/plumbing, and grading.

¹⁴ The "inspection" data consists of new construction inspections conducted. Between July 1998 and September 2000, a total of 448,388 of the 1,117,711 inspections carried out citywide were related to Valley properties. The "case investigations" data consist of the cases managed by the department's Case Management Section. Between July 1998 and September 2000, a total of 405 of the 1,259 case investigations conducted citywide were related to Valley properties.

DEPARTMENT OF BUILDING AND SAFETY INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department management and oversight.
Government and Community Relations	Responsible for communication and coordination with other City departments; Coordinates Special Inspection Teams (SIT) to oversee economically significant projects.
Development Services	Responsible for checking mechanical, plumbing, fire/sprinkler, elevator, and electrical plans for compliance with City and State codes.
Resource Management	Responsible for administrative support; Also coordinates special investigations, explains disabled access requirements to management, and coordinates the department's emergency preparedness efforts.
Engineering	Enforces building, grading, and zoning; Conducts license examinations and issues licenses for various construction trades.
Inspection	Responsible for enforcement of Municipal Code requirements, and various special projects required by City Council actions.
Code Enforcement	Enforces City's Building Code and land use regulations, focusing on nuisance abatement, problem properties, and investigating code violations on commercial and single family residential buildings.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 313 positions provide service to the Valley. A special reorganization would therefore result in 313 positions, or roughly 38.2% of the department's staff, being transferred to the new Valley City.

DEPARTMENT OF BUILDING AND SAFETY ALLOCATION OF WORKLOAD AND PERSONNEL

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	5	2
Government & Community Relations	Proportion of employees	4	2
Development Services	Location of workload	54	20
Resource Management	Proportion of employees	136	52
Engineering	Location of workload	163	60
Inspection	Location of workload	286	115
Code Enforcement	Location of workload	171	62
Total		819	313

* Number of positions per division based on the 2000-01 organization chart and excludes ten Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

For four divisions – Development Services, Engineering, Inspection, and Code Enforcement – the estimate of the number of positions providing service to the Valley is based on the location of workload. For Development Services and Engineering, the workload attributable to the Valley was estimated by taking the unweighted average of the percentage of permits issued (35.9%) and plan

checks conducted (36.9%) on Valley projects as a proportion of all such projects citywide. This average, 36.4%, was then applied to these divisions to estimate the proportion of staff providing services to the Valley. For the Inspection division, the percentage of citywide inspection conducted on projects located in the Valley (41.1%) was used to estimate the number of staff providing services to the valley. And finally, the proportion of employees in the Code Enforcement division providing services to the Valley was estimated by applying the unweighted average of the percentage of citywide case investigations (32.2%) and code enforcement actions (38.7%) performed on Valley projects.

For the department's remaining divisions – Management, Government & Community Relations, and Resource Management – the estimate of positions providing services to the Valley is made based on the percentage of employees in all other divisions providing services the Valley. The assumption underlying this estimate is that personnel in these divisions provide support services to the rest of the department, and that these support services are distributed proportionately across each departmental division

The department has also budgeted for 16 “as needed” Examiner positions. A proportional amount of the cost of these positions is assumed transferred to the Valley City in the same percentage as the number of budgeted positions transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Building and Safety do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 819 non-Commissioner positions, roughly 78.6% are professional/technical. The professional/technical positions consist of all the department's Engineers (e.g., mechanical, structural, geotechnical/geologist, electrical), Inspectors (e.g., building, electrical, plumbing, heating/refrigeration, fire/sprinkler), and Technicians. Also in the professional/technical category are Management Analysts, Accountants, Systems staff, and Personnel Analysts. The clerical/administrative category comprises 19.7% of department staff. It includes Typists, Secretaries, Stenographers, and other clerical staff. Finally, the specialist/management category comprises 1.6% of department staff. This category includes the Superintendent of Building and all Deputy and Assistant Deputy Superintendents. It also includes the Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 313 positions apportioned to the Valley would consist of the following: 246 professional/technical, 62 clerical/administrative, and 5 specialists. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer without significantly burdening the City. The only employee category with relatively few staff is senior level management in the “specialist” category. It is assumed, however, that the necessary senior management – specifically, an additional Superintendent of Buildings and Director of Systems – can be supplied from within the department's current staff to ensure that both the Valley City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service. If these staff cannot be supplied from within the department, additional hiring may be required.

**DEPARTMENT OF BUILDING AND SAFETY
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	644	78.7%
Clerical/Administrative	162	19.7%
Management/Specialists	13	1.6%
Total	819	

Transfer of Equipment and Facilities

The proposed apportionment would include the transfer of department facilities currently located within the boundaries of the Valley special reorganization area. As of fiscal year 2000-01, 8 of the department's 22 offices, one of these being the Van Nuys District Office (a comprehensive service facility), are located in the Valley. These facilities, and the services performed at each, are listed in the table below.

**DEPARTMENT OF BUILDING AND SAFETY
FACILITIES LOCATED IN THE VALLEY AS OF FISCAL YEAR 2000-01**

<u>Facility</u>	<u>Address</u>	<u>Services Performed at Facility</u>
Van Nuys District Office (Construction Service Center)	14425 Erwin Street Van Nuys, 91401	Over-the-counter plan check, Case Management, Building Records, Regular Plan Check
New Construction	14651 Oxnard Street Van Nuys, 91411	North Region code enforcement, New Construction Inspection
Satellite Office	19040 Vanowen Street Van Nuys, 91401	Currently vacant due to seismic rehabilitation; Previously contained New Construction Inspection
Council District 2(A)	7747 Foothill Blvd. Tujunga, 91402	New Construction Inspection
Council District 2(B) & 5(B)	6400 Laurel Canyon Blvd. N. Hollywood, 91606	New Construction Inspection
Council District 3 and 12(A)	18911 Nordoff Street Northridge, 91324	New Construction Inspection
Council District 7 & 12(B)	13515-1/2 Hubbard St. Sylmar, 91342	New Construction Inspection
Council District 11(B)	17547 Ventura Blvd. Encino, 91316	New Construction Inspection

It is assumed that a special reorganization would result in these eight facilities being utilized by the new Valley City. As of fiscal year 2000-01, the City owns the Van Nuys District Office, the Satellite Office (currently undergoing seismic retrofit), and the Council District 2(A) Office. The City leases the remaining five offices.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the 8 offices and functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$56.7 million. As shown in the table below, the majority of department expenditures (roughly 89%) are for staff salaries.

CITY OF LOS ANGELES – DEPARTMENT OF BUILDING AND SAFETY USES OF FUNDS	
<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 50,388,645
Expenses	3,333,324
Equipment	232,524
Interdepartmental Charges	2,767,725
Total Expenditures	\$ 56,722,218

In estimating expenditures for the Department of Building and Safety in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, assumption by a Valley City of Building and Safety Department services for the Valley is estimated to require 313 positions throughout the entire planning period. With respect to the cost of providing services, the expected salary, expense, and equipment cost for the new department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$891,720. The department purchases contractual services for fencing and parking validation. It is assumed that the new Valley City will require similar contract services, and that the cost of these services can be estimated based on the proportion of department staff providing services to the Valley (38.0%, as calculated above).

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of Building and Safety in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – DEPARTMENT OF BUILDING
AND SAFETY
SOURCES OF FUNDS**

<u>Sources of Funds</u>	2000-01 Budget
City Funds:	
General Fund	\$ 55,610,683
B & S Electrical/Mechanical Test Lab Fund	23,107
Home Occupation Trust Fund	161,889
B & S Systems Development Fund	926,539
 Total	 \$ 56,722,218

It is assumed that each of the revenue sources above could be transferred to the new Valley City based on the percentages and allocation methods shown in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Department of Building and Safety for fiscal year 2000-01. The Building and Safety Department in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund. It is therefore assumed that these revenues could be transferred to the new Valley City based on the percentages shown in Table R-5 in Appendix II.

**DEPARTMENT OF BUILDING AND SAFETY
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	2000-01 Budget
Construction Permits	\$ 19,982,219
Other Licenses and Permits	500,246
State Mandated Program Reimbursement	25,000
Special Building and Safety Services	2,371,399
Zoning Fee and Subdivision Fee	0
Other Government Services	6,656
Plan Checking Fees	21,293,817
Engineering Fees, Inspection and Other Services	23,341,119
Rent Stabilization Revenue	0
Miscellaneous Revenues	10,000
Reimbursement from Other Funds	482,957
Reimbursement – Grant Receipts	0
 Total Building and Safety	 \$ 68,013,413

City Attorney

The City Attorney is the legal advisor to the City of Los Angeles and the Council and represents the City in all civil trials and legal proceedings. The City Attorney assists in developing contracts for City transactions and prosecutes all misdemeanors occurring in the City.

Distribution of Service within City

The City Attorney's office serves the residents of the City directly by prosecuting misdemeanor crimes in the City. The department also supports the City acting as its general counsel. This support function includes representing the City in civil litigation, providing legal counsel for City transactions, and interpreting state and federal laws and regulations.

Criminal prosecutorial services of the department are headquartered at City Hall East. However, a majority of the City's prosecutors and support staff is located at 7 regional offices located at Superior Courts. The regional offices include two that are located in the San Fernando Valley. All of the criminal section's "quality of life" programs are administered from downtown offices, with the exception of CNAP which operated from West Los Angeles, and one of the Victim Assistance Program offices located in North Hollywood.

Most department staff members that perform the department's civil and legal support functions, as well as internal administrative services, are located at City Hall East. Staff members providing certain specialized functions (e.g., Housing and Workers Compensation) are located at various downtown Los Angeles office locations. However, a 10-member "Sherman Oaks Section" that is part of the department's Civil Litigation Division is located at 14724 Ventura Boulevard, Suite 300. Support of the City propriety departments (Airport, Harbor, Water and Power, and CRA) is provided at the headquarters of the respective departments.

Proposed Apportionment

Based on the applicant's proposal, the current level of service that is provided by the City Attorney for the benefit of the Valley would be transferred to the new city as part of the proposed special reorganization. An estimate of the number of City Attorney staff providing services for the Valley can be developed by identifying staff physically located in the Valley, and by analyzing the work performed by centrally located staff to determine the amount of resources being allocated to serve the Valley.

Transfer of City Personnel

For fiscal year 2000-01 the City Attorney has 826 budgeted positions. Of these positions, 86 are physically located in the Valley and serve the Valley primarily. These positions staff the Civil Litigation Division's Sherman Oaks office and the Criminal Division's San Fernando and Van Nuys Offices. Because these offices serve the Valley primarily, they will be transferred to the new Valley City.

To identify the number of centrally located staff that serves the Valley, a review of the specific functions of each departmental division must be undertaken in order to determine relevant workload measures for each division. The various indicators of workload can be used to estimate what proportion of any division function is dedicated to services that benefit the Valley. The table below summarizes each division's functions.

CITY ATTORNEY INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Civil Branch	
Airport	Fully supported by airports and performs all aspects of the law including contracts, anti-trust, bankruptcy and environmental law.
Financial Services	Handles revenue and taxation matters, legal issues involving bonds and insurance, and serves as the legal advisor to the city controller, city treasurer and city budget planners.
General Counsel	Handles negotiating and drafting contracts, serving as legal counsel to city department and commissions. Handles election, lobbying, conflict of interest, government ethics and campaign disclosure matters. The Legal Services section gives legal assistance to the Mayor's Office and City Council. The section also prepares ordinances amending the City's municipal and administrative codes and responds to citizen and agency queries on related matters.
Harbor	Represents the Port of L.A. and appears before federal and state agencies on contracts, insurance, admiralty and administrative law matters.
Housing & Community	Handles commercial and residential development matters involving public funding, is the legal advisor to the city Rent Stabilization Office, and handles issues involving job training and human services.
Labor Relations	Advises and represents in litigation most of the City government in employee relations matters.
Land Use	Is responsible for planning, zoning, building and safety, Coast Act matters, subdivision and parcel maps, the no-smoking statute, relocation assistance and rent control areas of the law.
Real Property & Environment	Deals with environment issues affecting the City, property condemnation, purchases and sales.
Redevelop. & Housing	Provides legal counsel to the CRA and Housing Authority.
Civil Liability	Handles lawsuits against the City for personal injury or property damage.
Police	Provides legal services to the LAPD.
Special Litigation	Handles complex litigation and appellate work.
Water & Power	Handles such issues as groundwater plumbing, water rights, and other litigation to provide and conserve water for the City. Also handles matters on environmental law and regulatory law matters. Funded entirely by DWP.
Worker's Compensation	Deals with all workers' compensation matters involving the city workforce.
Retirement Services	Provides legal counsel to the Fire and Police Pension system and the City Employee's Retirement System.
Criminal	Focuses on enforcing the laws for the common good of the community and handles all misdemeanor cases in the City. There are specialized units for nuisance abatement, domestic violence, victim assistance, and gang-related cases.
Special Operations	Engages in specialized enforcement in areas of housing enforcement, consumer protection, environmental protection, governmental law and enforcement, AIDS/HIV discrimination, and tobacco enforcement.

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley. The methodology used to estimate the number of positions providing service to the Valley is as follows.

**CITY ATTORNEY
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Office Mgmt. and Mgmt. Services	Proportion of employees	21	6
Administrative Services	Proportion of employees	32	8
Civil Representation		-	
Airport Division	Not transferred	18	0
Financial Services Division	Population in proposed city	27	10
General Counsel Division	Proportion of citywide employees	16	4
Harbor Division	None	13	0
Housing & Community Services Division	Population in proposed city	17	6
Labor Relations Division	Proportion of citywide employees	9	2
Land Use/Real Property Division	Population in proposed city	36	13
Redevelopment & Housing Division	Proportion of redevelopment acreage in Valley	11	4
Retirement & Benefits Division	Proportion of citywide employees	4	1
Civil Liability Division	Population in proposed city	52	18
Sherman Oaks Section	All- dedicated to serving Valley	9	9
Police Division	Proportion of Police Dept. staff transferred.	67	18
Special Litigation Division	Population in proposed city	12	4
Water & Power Division	Not transferred	82	0
Workers' Compensation Division	Proportion of citywide employees	33	8
Criminal Prosecutions		-	
Criminal Operations		-	
Hill Street Section	None	32	0
Maria Elena Reyes Section	None	23	0
Central Trials Section	None	60	0
Domestic Violence Section	Population in proposed city	28	10
Gang/COPE Unit	Proportion of projects located in new city.	23	6
West Los Angeles Office	None	23	0
San Pedro Office	Office location - all employees transferred to Harbor	11	0
CNAP	Proportion of housing stock	36	13
Hollywood Office	None	13	0
Van Nuys Office	Office location - all employees transferred to Valley	49	49
Victim Assistance Program	Population in proposed city	21	7
San Fernando Office	Office location - all employees transferred to Valley	11	11
Appellate Services	Proportion of total trial workload	6	2
Automation, Tech., Planning & Res.	Proportion of Criminal Division staff	3	0
Special Operations	Population in proposed city	28	10
Department Total		826	219

The Management and the Administrative Services divisions primarily support the activities of the department's other divisions. Staffing in these divisions is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

The Civil Representation section is comprised of 14 divisions. For most of the divisions within this section, it is estimated staff serve the Valley in proportion to population. No positions within the Airport and Water and Power Divisions are transferred, as it has been assumed for the purposes of this fiscal analysis that the City would retain ownership of the airport and water and power systems.

The Financial Services, Housing & Community Services, Land Use & Real Property, and Special Litigation Divisions are apportioned using the proportion of population in the new city. The functions of each division deal with a breadth of policies and affect a wide cross-section of the population. For example, the Special Litigation Division handles criminal and civil matters in the areas of housing enforcement, consumer protection, environmental protection, governmental law and enforcement, AIDS/HIV discrimination, and tobacco enforcement. Given these divisions' diverse workloads, each can reasonably be apportioned using the Valley's proportion of the City's current population.

The General Counsel Division serves as legal counsel to the City's departments and commissions, negotiates contracts, and deals with telecommunications and public utilities litigation. The division also handles election, lobbying, conflict of interest, and governmental ethics and campaign disclosure matters. Given the division's focus on providing legal counsel to the City it may be apportioned using the new city's proportion of citywide employees.

The Harbor Division provides counsel to the Port of Los Angeles and therefore will not be apportioned to the new Valley City.

The Labor Relations Division advises and represents in litigation most of the City government. Given this focus, the division can be apportioned using the new city's proportion of citywide employees.

The Redevelopment and Housing Division is the legal counsel to the CRA and the Housing Authority. The CRA administers redevelopment projects and revitalization areas throughout the City, and the Housing Authority provides affordable housing primarily to low-income families. Given that both of these departments focus on low-income/distressed areas, it is reasonable to apportion the division by the proportion of CRA redevelopment and revitalization acreage located in the Valley.

The Retirement and Benefits Division provides legal counsel to the Fire and Police Pension System and City Employees' Retirement system. The division's workload is thus a function of the number of City employees and can be apportioned using the new city's proportion of citywide employees.

The Civil Liability Division handles all lawsuits against the City for personal injury or property damage. The division's workload is therefore a function of population and can be apportioned using the Valley's proportion of citywide population.

The Police Division provides legal services to the LAPD and can therefore be apportioned using the proportion of LAPD staff transferred to the new city as part of the special reorganization.

The Water and Power Division handles legal issues such as groundwater plumbing, water rights, and other litigation to provide and conserve water for the City. It also handles matters in environmental law and regulatory law matters before various energy commissions and agencies. Because both water and power are generally a function of population, this division can reasonably be apportioned using the Valley's proportion of citywide population. The department is funded by the Department of Water and Power.

The Workers' Compensation Division deals with all Workers' Compensation matters involving the City's workforce. Therefore, the workload of the division is a function of the number of City employees and it can be apportioned using the new city's proportion of citywide employees.

Unlike the Civil section, the Criminal section of the department has a workload that is more geographically based. Prosecution and other processing of criminal offenses occur at branch offices throughout the City. Each branch office generally handles cases located in its geographic service area. Two branches, Van Nuys and San Fernando, are located in the Valley and will therefore be apportioned to new city. The remaining branch offices will remain under the control of the City of Los Angeles.

The Domestic Violence Section and Victim Assistance Program deal with criminal incidence citywide. It is assumed for the purpose of this analysis that the service needs in these program areas are distributed somewhat evenly throughout the City. Therefore program personnel can be apportioned using the Valley's proportion of citywide population.

The Gang/COPE unit staff works on several project areas throughout the City. Therefore, the proportion of project areas located in the Valley can be used to apportion this unit.

CNAP is a multi-agency program targeting abandoned structures and nuisance properties that plague neighborhoods. The program's workload is thus a function of housing stock and can be apportioned using the new Valley City's proportion of the City's housing stock.

The Appellate Services division handles appeals. Given that appeals are a function of the department's trial workload, this division can be apportioned using the new city's proportion of the department's trial workload.

The Automation, Technology, Planning and Research (ATPR) division handles MIS for the criminal section of the department. The division can therefore be apportioned by using the current proportion of ATPR staff required to provide service to the criminal section. The same proportion of staff would be required to serve the new Valley City's criminal section.

The special reorganization would result in the transfer of approximately 219 of total department staff to the new city. While attorneys have specialized skills that pertain to the division in which they work, they can be reassigned to other divisions and successfully develop a specialization therein. Given that there is no career track, per se, dictating a course of service amongst the various divisions, it is assumed that a reorganization of staff is possible. However, in both civil and criminal divisions there are specialized, single staff positions that, if apportioned, would cause inefficiencies. Each division will need to develop a plan for reorganization to accommodate these positions.

As shown in the table below, of the department's 826 budgeted positions, roughly 58 percent are professional/technical. The professional/technical positions consist of Systems Analysts, Financial Managers, Investigators, Attorneys, Law Librarians, and Paralegals. The clerical/administrative category comprises 40 percent of department staff. It includes Witness Service Coordinators, Legal Assistants, Accounting Clerks, Law Clerks, Administrative Coordinators, Clerks, and Legal Secretaries. Finally, roughly two percent of department staff are either upper management or highly specialized. It includes the City Attorney, Senior Assistant City Attorneys, Chief Assistant City Attorneys, Executive Assistant City Attorney, and Chief Administrative Officer.

**CITY ATTORNEY
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Administrative/Clerical	330	40%
Professional/Technical	477	58%
Management/Specialists	19	2%
Total	826	

To achieve a similar mix of skills and experience among department staff in the new city, the 219 positions apportioned to the Valley would consist of the following: 127 profession/technical positions, 87 clerical/administrative positions, and 5 management/specialists. The department appears to contain a sufficient level of staffing at all levels to allow for a transfer of a comparable composition of staff to the Valley City. The City Attorney position, however, is an elected position and could not be transferred to the Valley City. For the purposes of this analysis it is assumed that the Valley City would create an elected City Attorney position. The estimated cost for a Valley City Attorney is equal to the fiscal year 2000-01 annual salary for the Los Angeles City Attorney, adjusted for fringe benefits.

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new city the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Valley City. Given these general criteria, the proposed apportionment would include the transfer of the Criminal Operations Section's Van Nuys and San Fernando Offices, the Civil Liability Division's Sherman Oaks office, and the Victim Assistance Program office located in North Hollywood.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. This estimate does not include expected increases in the Workers' Compensation Division staff. The Workers' Compensation Division has commissioned a study to determine how to decrease the average trial attorney's caseload, which currently exceeds, by as much as three times, the caseload in other municipal practices. The City study recommends the addition of 11 positions, the combined salaries of which are \$718,235.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

With the exception of the Workers' Compensation Division, the department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Contractual Services

The department generally contracts the services of outside counsel for legal expertise. For fiscal year 1999-00, the department contracted \$90,000 for outside legal counsel. These services were paid by the General fund. The department's 2000-01 budget estimates contractual services at \$848,805.

Projected Revenues

The department has been historically funded primarily from the City's General Fund. Less than three percent of the department's 2000-01 budget is from non-General Fund sources. Non-General Fund sources generally fund all or a portion of the criminal division's "quality of life" programs such as the Gang Unit, which combats street-gang crime.

The new Valley City's appropriation from the Community Development Trust Fund, the HOME Investment Partnerships Program Fund, and the Workforce Investment Act (WIA) Fund will be a function of the new Valley City's Consolidated Plan and Workforce Investment Act Strategic Local Plan. The new Valley City will need to execute its own Consolidated and WIA Plans, once the City's current Plans expire in 2005. All allocations to the department from non-General Fund sources will be made at the discretion of the new Valley City's Mayor and City Council.

CITY ATTORNEY SOURCES OF FUNDS

<u>Source of Funds</u>	<u>2000-01 Budget</u>
General Fund	\$70,157,475
Community Development Trust Fund	\$203,290
HOME Invest. Partnerships Program Fund	\$45,691
Sewer Construction & Maintenance Fund	\$429,605
Telecom. Development Account	\$116,335
Workforce Investment Act Fund	\$88,170
Rent Stabilization Trust Fund	\$277,500
Prop. C Anti-Gridlock Transit Fund	\$123,816
Anti-Smoking Fund	\$447,800
UDAG	\$36,243
Total Funds	\$71,925,925

With respect to the General Fund revenue for the Valley, the Valley City General Fund would support the City Attorney's Office for the new city. All general revenue receipts contributed by residents and businesses in the Valley would be contributed to the new city's General Fund, in accordance with the applicant's proposal for special reorganization.

The following table represents General Fund Departmental Receipts for the department. The department's gross receipts represent its total cost recovery to the General Fund. The new Valley City Attorney's departmental receipts would be contributed to the Valley General Fund. The amount of the General Fund departmental receipts that are currently generated by the Valley, as well as other General Fund receipts that would be contributed to the new city are discussed in section "Transfer of Revenue."

Seventy-six percent of the department's receipts derive from the service it provides to proprietary departments. The department derives an additional 11 percent of receipts from service provided to the Housing Authority and CRA. The new city will not generate fees for service to the proprietary departments, which will remain under the control of the City of Los Angeles.

The next largest line item in the department's receipts, accounting for six percent of the total, derives from damage settlements. It is expected that the new city will secure damage settlements proportional to its workload. Reimbursements from "other funds" account for another four percent of the department's receipts. Half of the department's reimbursement from "other funds" comes from Sewer Construction and Maintenance, and the remainder from the Home Investment Partnership, the Community Development Trust, and the reimbursement of related costs for the prior year. The

department's "special fund" sources come from UDAG related cost reimbursements and Workforce Investment related costs.

CITY ATTORNEY GENERAL FUND DEPARTMENTAL RECEIPTS	
<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other County Grants/Agreements	0
Other General Government Services	0
Quasi-External Transaction, Proprietary Departments	8,107,120
Current Service Charges, Service to the Housing Authority	600,000
Quasi-External Transaction, Service to the CRA	575,000
Damage Settlements	655,000
Miscellaneous Revenues	215,000
Reimbursement from Other Funds	409,622
Reimbursements – Grant Receipts	0
Special	62,341
Total City Attorney	\$ 10,624,083

City Clerk

The City Clerk's primary responsibilities include certain support functions for the City Council, record-keeping, and the administration of City elections. First, as ex-officio Clerk of the Council, the City Clerk ensures Council-related procedures comply with law, maintains a record of all Council proceedings, and acts as the custodian of official ordinances and contracts. Second, the City Clerk maintains City property ownership records and all official records of the City. Finally, the City Clerk, serving as Superintendent of Elections, selects polling places, approves precinct election officials, and maintains official election records.

Through fiscal year 1999-00, the City Clerk carried out the tax collection activities of the City. Tax collection was transferred to the newly created Office of Finance beginning in fiscal year 2000-01.

Distribution of Service within City

The activities of the City Clerk can be divided into direct services provided to the public and several internal support services conducted for other City departments. The direct services include several functions related to City Council activities, such preparing public notices (including ordinances) and the City Council meeting agenda. They also include various record-keeping and administrative activities supporting several functional areas. For example, the department maintains a public counter to supply information on City land records to both the general public and other City departments. The department also administers the Citywide Business Improvement District Program, which involves assisting the public with preliminary formation activities, educating proponent groups regarding potential program benefits, organizing and moderating meetings and legislative establishment activities, and dealing with ongoing administrative activities after the district is established. There are currently 25 Business Improvement Districts in the City, 8 of which are in the proposed Valley City.

A final category of direct services the department provides is the conduct of municipal and other miscellaneous elections in the City. Scheduled elections occur in odd-numbered years and include a Primary Nominating Election in April and a General Election in June. Other special elections can occur at any time at the call of the City Council. This division also conducts elections for other agencies.

All of the direct services provided by the department are available through department staff located in downtown offices at 200 N. Main (City Hall East), 201 N. Figueroa Street, and 700 East Temple.

In addition to providing direct services to the public, the department also provides indirect support services to other departments. These include providing administrative assistance to the Chief Legislative Analyst and the Mayor's Office, and responsibility for administering the General City Purposes budget.¹⁵ The fiscal year 2000-01 General City Purposes budget provides funding for specific areas within the proposed Valley City, such as funds for each council district for local services.

Proposed Apportionment

The department provides direct services to the Valley predominantly through the Council and Public Services Division, the Elections Division, and the Business Improvement Districts Program. Apportioning the services could be accomplished through a transfer of City staff sufficient to administer elections, the Business Improvement Districts program in the Valley, and transferring sufficient staff and resources to comply with laws, maintain records, and assist with the indirect and administrative services of a new Valley City.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the proportion of workload and/or service needs in the Valley.

¹⁵ The General City Purposes budget covers appropriations and expenditures that are not chargeable to specific City departments.

For fiscal year 2000-01 the City Clerk has 126 budgeted positions. The department is divided into eight divisions, the functions of which are described in the table below.

CITY CLERK INTERNAL DIVISION FUNCTIONS	
<u>Division</u>	<u>Function</u>
Management	Provides overall department management and oversight.
Administrative Services	Responsible for fiscal and personnel operations in the City Clerk's Office, the City Council/Legislative Analyst's Office, and the Mayor's Office; also administers the General City Purposes budget and various special trust funds
Systems	Responsible for the department's information systems, including City-wide systems and election systems.
Creative Services	Designs most ornamental documents presented by the Mayor and Council, assembles and prepares City Seals and special projects.
Records Management	Serves as the custodian of all City records.
Land Records	Maintains a record of all property owners within City of Los Angeles; "Special Assessments" unit administers special voter-approved property taxes and Business Improvement Districts.
Council & Public Services	Prepares legally required publication notices and ordinances, processes all Council files and motions, prepares the Council agenda, and acts as the Council Minute Clerk and Council Voting Clerk.
Elections	Provides for conduct of regular and special municipal elections in the City of Los Angeles.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 43 positions currently provide service to the Valley. A special reorganization would thus result in 43 positions, or roughly 34.1% of the department's staff, being transferred to the new Valley City.

**CITY CLERK
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of employees	4	1
Administrative Services	Proportion of employees	18	6
Systems	Proportion of employees	12	4
Creative Services	Population	7	2
Records Management	Population	6	2
Land Records/Special Assessments	Population	34	12
Council & Public Services	Population	34	12
Elections	Population	11	4
Total		126	43

The methodology used to estimate the number of positions providing services to the Valley is as follows. For five divisions – Creative Services, Records Management, Land Records, Council and Public Services, and Elections – the estimate is based on population. It is calculated by multiplying the proportion of the City residents residing in the Valley – 35.31% – by the number of positions in each division.¹⁶ Although the Creative Services and Council and Public Services divisions support activities of the Mayor and Council, the Mayor and Council are representatives of City residents, and thus population may accurately represent the workload required to support the elected officials. The Records Management and Elections divisions directly serve City residents, and, again, population may provide an accurate assessment of the service needs in a new Valley City.

For the Land Record division, population is also used to estimate service needs in the Valley, and is used to determine the number of staff that would transfer to the Valley City as a result of the special reorganization. It should be noted that, among its various functions, the Special Assessments Unit within the division plays an integral part in the City's process of repaying assessment debt.¹⁷ As further discussed in the section "Legal Issues Affecting Apportionment – Transfer of Legal Liability," it is assumed, for the purposes of this analysis, that the City of Los Angeles would retain full responsibility for the repayment of existing City debt and would require the retention of its existing assessment, collection, and payment staffing to ensure the timely and full repayment of the debt. However, the Special Assessments Unit is also responsible for the administration of the Business Improvement Districts and continued assistance for future debt financings relating to Proposition K funds. These City functions are assumed transferred to the new Valley City as part of the special reorganization, which would require support and transfer of existing staff within the Special Assessments Unit.

For the remaining divisions, the estimate of the number of positions providing services to the Valley is made on a "proportion of employees" basis. Positions are allocated in proportion to the percentage of employees in all other divisions of the City Clerk's office that would be transferred to the new Valley City.

For fiscal year 2000-01, the department has also budgeted for several "as needed" positions. It is assumed that a proportional amount of the costs for these positions would be transferred to the Valley City in the same percentage as the amount of budgeted staff transferred.

¹⁶ City of Los Angeles Planning Department estimate of the Valley's proportion of overall City population in 1998.

¹⁷ Outstanding assessment district debt includes the Landscaping and Lighting District 96-1 Assessment Bonds and the MICLA Special Tax Revenue Bonds.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the City Clerk's Office do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 126 positions, roughly 49.6% are professional/technical, 44% are administrative/support, and 6.4% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the 43 positions allocated to the Valley would consist of the following categories of personnel: 21 professional/technical, 19 administrative/support, and 3 specialists.

OFFICE OF THE CITY CLERK COMPOSITION OF STAFF, FISCAL YEAR 2000-01

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	4	1	Officer ¹	2	Secretary	1	City Clerk
Administrative Services	18	7	Analyst	1	Secretary		
		1	Officer ²	8	Clerk		
		1	Supervisor				
Systems	12	10	Analyst	1	Aide	1	Director
Creative Services	7	1	Chief	3	Clerk	3	Calligrapher
Records Management	6	1	Analyst	1	Clerk		
		1	Officer ³				
		2	Wh/Tr wkr. ⁴				
		1	Storekeeper				
Special Assessments	14	2	Analyst	6	Clerk		
		6	Engr. Tech.				
Land Records	20	1	Analyst	8	Clerk	3	Cartographer
		3	Title Exam.				
		5	Engr. Tech.				
Council & Public Services	34	14	Analyst	19	Clerk		
				1	Secretary		
Elections	11	6	Analyst	4	Clerk		
				1	Assistant		
Total	126	63		55		8	
Percent of Total	--	49.6%		44.0%		6.4%	

¹ Refers to Executive Officer

² Refers to Personnel Officer

³ Refers to Records Management Officer

⁴ Refers to Warehouse/Toolroom Worker

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City. The only employee category with staff that are in relatively short supply is senior level management in the "specialist" category. It is assumed, however, that the necessary senior management – specifically, an additional City Clerk and Director of Systems – can be supplied from within the department's current staff to ensure that both the Valley City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service.

Transfer of Equipment and Facilities

The City Clerk's office currently utilizes several database systems to assist the department in processing data. The primary database systems used by the City Clerk include: the Council File Index and LUPAMS Unit, which maintains current records of all property owners within the City; the Election Tally System, which is used to count voted ballots and tabulate election results; and the Voter Information Management System (VIMS), an off-the-shelf personal computer based system that gives City Clerk Election Division staff access to voter record inquiries and the ability to track absentee ballots, verify petition signatures, and locate precinct workers and polling places.

For the purposes of this report, it is assumed the proposed Valley City would attempt to share all of the existing applications used by the department. All costs incurred by the City to support the systems on behalf of the Valley City would be reimbursed through contractual payments made for work performed by the City's Information Technology Agency.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The new Valley City would also require an 8-month period to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$14.9 million. As shown in the table below, the majority of department expenditures (roughly 72%) are for staff salaries. The majority of department expenses (\$3.4 million) are for the administration of City elections.

CITY OF LOS ANGELES – CITY CLERK USES OF FUNDS

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 10,696,209
Expenses	3,882,005
Equipment	0
Interdepartmental Charges	332,152
Total Expenditures	\$ 14,910,366

In estimating expenditures for the City Clerk in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with City Clerk services is estimated to require 43 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Valley City department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

Contractual Services

The department contracts for service primarily for assistance in the administration of Business Improvement Districts. The department has entered into multiple ongoing contracts for the provision of contractual services at Business Improvement Districts throughout the Valley including the Van Nuys Auto Row BID, the Canoga Park BID, the Granada Hills BID, the Sherman Oaks BID, and the Studio City BID. All contracts end in 2004 with the exception of the Sherman Oaks contract, which ends in June 2005.

For fiscal year 2000-01 expenditures on contractual services in the Valley represented 16.25% of total contractual services expenditures citywide.¹⁸ For the purposes of this fiscal analysis, it is assumed future Valley expenditures are equal to 16.25% of the amount budgeted for contractual services by the City in fiscal year 2000-01, adjusted for inflation.

Departmental Start-Up Costs

The new Valley City may incur department-specific start-up costs, such as the records databases discussed under “– Proposed Apportionment - Transfer of Equipment and Facilities,” and special storage facilities for long-term records keeping. The estimate for these department-specific costs is also provided in section “Valley City Start-Up Costs.”

Projected Revenues

For the fiscal year 2000-01 budget, the department is funded primarily from the City's General Fund. It is assumed in this analysis that the proposed Valley City would similarly be funded from a Valley City General Fund.

The City Clerk also receives funding from the Street Lighting Maintenance Assessment Fund, the BID Trust Fund, and the Special Police Communications Tax Fund. The allocation of these funds to the Valley City is provided on Table R-7 in Appendix II.¹⁹

The following table represents City of Los Angeles General Fund Departmental Receipts for the department. The 2000-01 budget includes over a million dollars in election year reimbursements. Receipts associated with the Tax and Permit Division have been moved to the Office of Finance.

CITY CLERK GENERAL FUND DEPARTMENTAL RECEIPTS	
<u>Revenue Source</u>	<u>2000-01 Budget</u>
State Mandated Program Reimbursement	\$ 833,000
Other State Grants/Agreements	264,462
Other Intergovernmental Federal	0
Other General Government Services	1,384,562
Quasi-External Transaction	0
Miscellaneous Revenues	12,000
Reimbursement from Other Funds	17,000
Total City Clerk	\$ 2,511,024

¹⁸ Includes expenditure of amounts budgeted in the current and prior fiscal years.

¹⁹ The BID Trust Fund is included in the “Allocations from other sources” (Schedule 29 fund).

Commission for Children, Youth and Their Families

The Commission for Children, Youth and Their Families administers several City programs aimed at addressing the needs of young people. These programs include the Neighborhood Networks4Kids (NN4K) program and the Youth Council program, both of which attempt to bring together youth throughout the City to develop programs and promote issues relevant to young people. The department also oversees the competitive grant process associated with Proposition K, an initiative approved by Los Angeles voters in 1996 that generates \$25 million annually over 30 years for capital projects aimed at improving neighborhood facilities for the City's children and families. Finally, the department provides childcare services through oversight of the Joy Picus Child Care Center.²⁰

Distribution of Service within City

All department staff, both program and support staff, are centrally located at City offices at 333 South Spring Street. Program staff often provides services in the field, however, particularly in administering Neighborhood Networks4Kids and Youth Council activities.

The department's Neighborhood Network4Kids (NNK4) program organizes residents, City personnel, and youth into groups, called "Neighborhood Networks", focused on strengthening their neighborhoods and providing services for youngsters. Neighborhood Networks, while receiving administrative support from department staff, are composed of volunteer members of the community they serve. A Neighborhood Network can take any form a community wishes and carry out a wide range of activities. Often a City facility (e.g., a library) serves as a meeting place for Network Neighborhood members.

The City is attempting to organize Neighborhood Networks in all 15 Council Districts. As of fiscal year 2000-01, eight Neighborhood Networks are functioning across Los Angeles, seven of which are located in the Valley.

The Youth Council consists of young people chosen by members of the City Council that carry out a range of activities aimed at encouraging youth participation in the community. Youth Council activities take place in all regions of the City. In fiscal year 1999-00 five Youth Council events were held, ranging from a clean-up of the Central Library to an event aimed at increasing awareness of the 2000 Census.

Proposition K, also known as the "L.A. for Kids Program," generates \$25 million each year through an annual real property tax assessment on city residents. These funds are earmarked for capital improvements and maintenance of city parks, recreation facilities, childcare centers, and for the acquisition of natural land. The Commission is administering the open and competitive bid process for Proposition K funds, which is open to non-profit agencies, City departments, and other government agencies. The funding cycle occurs every two years (fiscal years 2000 through 2002 is the second cycle), and projects in all regions of Los Angeles have and expect to continue to receive Proposition K monies.

Finally, the Commission's childcare activities consist of overseeing the operations of the Joy Picus Child Care Center. The Center offers childcare services to all families with infant or preschool children, with priority given to city employees. The Center is located at 111 South Los Angeles Street (City Hall South). The Commission contracts with the non-profit Los Angeles Child Care and Development Council to operate the Center.

Proposed Apportionment

The Commission provides services to the Valley predominantly through the activities of the Neighborhood Networks and Youth Council that take place in the Valley. Also benefiting the Valley is the use of Proposition K funds for capital projects in the Valley. Apportioning the services could be

²⁰ As of the beginning of fiscal year 2000-01, an additional program administered by the Commission was the U.S. Department of Justice "Youth Initiative" Grant, which focuses on issues of juvenile justice. This grant expired in December 2000, and is therefore not considered in this analysis.

accomplished by (1) a transfer of City staff sufficient to administer the NN4K program, the Youth Council program, and Proposition K activities; and (2) transferring to the Valley a proportionate share of current and future Proposition K funding.

Transfer of City Personnel

For fiscal year 2000-01 the department has 41 budgeted positions, of which 15 are Commissioners. The Commission has 7 divisions, the functions of which are described in the table below.

COMMISSION ON CHILDREN, YOUTH AND THEIR FAMILIES INTERNAL GROUP FUNCTIONS	
<u>Group</u>	<u>Function</u>
Management	Provides overall department management and oversight.
Policy and Planning	Analyzes policy affecting children, youth, and families; administers the Proposition K grant processes.
External/Internal Operations	Responsible for community outreach activities including Neighborhood Networks4Kids (NN4K), the Youth Council, and the Greater L.A. Youth Initiative.
Public Information & Relations	Responsible for event planning, media activities, and intergovernmental/community relations.
Child Care Policy	Responsible for promoting and expending child care services throughout the City.
Office Services	Provides support for the Commission and office staff.
Fiscal Operations	Provides budget and fiscal oversight.

Based on the functions of each group, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental group providing service to the Valley. As shown in the table below, it is estimated that a total of 7 positions currently provide services to the Valley. A special reorganization would thus result in 7 positions, or roughly 26.9% of the department's staff, being transferred to the new Valley City.

**COMMISSION ON CHILDREN, YOUTH AND THEIR FAMILIES
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Staff availability	1	0
Policy and Planning	Population	4	1
External/Internal Operations	Population	14	5
Public Information & Relations	Staff availability	2	0
Child Care Policy	Proportion of citywide employees	3	1
Office Services	Staff availability	1	0
Fiscal Operations	Staff availability	1	0
Total		26	7

* Number of positions per division based on the 2000-01 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For two of the divisions whose staff provide services directly to the public – Policy and Planning and External/Internal Operations – the estimate of the number of positions providing services to the Valley is made on the basis of population. This is calculated by multiplying the proportion of the City's residents in the Valley (35.31%) by the number of positions in these groups.²¹ Population is used as the estimation basis for these groups because, according to department staff, the department attempts to provide its services equally in each of the City's 15 Council Districts. Given that the City's population is distributed roughly equally across Council Districts, the size of a particular area's population provides a reasonable indicator of the level of services that area is receiving.

For the Child Care Policy divisions, the percentage of all City employees that would transfer to the Valley (approximately 25%) is used to identify the service needs for a new Valley City, as this group appears to support childcare primarily for City staff.

Given the small number of staff in all remaining divisions, an allocation to the Valley City would not appear to leave the City with a sufficient level of staffing. Therefore, it is assumed no positions in these divisions would transfer to the Valley City as a result of a special reorganization.

The department has also budgeted for a small number of "as needed" positions. A proportional amount of the cost for these positions is assumed transferred to the Valley City based on the number of budgeted staff transferred.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Commission for Children, Youth and Their Families do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 26 non-Commissioner positions, roughly 32.4% are professional/technical, 64.9% are administrative/support, and 2.7% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills

²¹ This is the City of Los Angeles Planning Department estimate of the Valley's proportion of overall City population in 1998.

and experience among department staff in the new Valley City, the 7 positions allocated to the Valley would consist of the following categories of personnel: 2 professional/technical, 4 administrative/support, and 1 specialist.

**COMMISSION FOR CHILDREN, YOUTH, AND
FAMILIES
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	7	32.4%
Clerical/Administrative	18	64.9%
Management/Specialists	1	2.7%
Total	26	

As discussed above, it is assumed that positions in the Management, Public Information and Relations, Office Services, and Fiscal Operations groups do not contain sufficient staffing to provide a transfer of staff to the Valley. Given that a new Valley City department would contain just 7 positions, it is assumed the functions provided by these groups would be supported by other positions.

Transfer of Equipment and Facilities

The Commission for Children, Youth and Their Families administers its programs through its main office and through various schools, churches and community centers throughout the City. The department owns the Joy Picus Child Care Center at 111 South Los Angeles Street but does not own any of sites where it facilitates and administers departmental programs. The special reorganization would therefore not result in a transfer of any special equipment or facilities to the Valley City.

Transition of Service to New City

The service provided by the department is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is therefore assumed the City could transfer all required staffing necessary for Commission and functionally operate within the 8-month timetable estimated for most other departments. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$1.7 million. As shown in the table below, the majority of department expenditures (roughly 78%) are for staff salaries.

**CITY OF LOS ANGELES – COMMISSION ON
CHILDREN, YOUTH, FAMILIES
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 1,333,817
Expenses	336,883
Equipment	2,500
Interdepartmental Charges	43,163
 Total Expenditures	 \$ 1,716,363

In estimating expenditures for the Commission on Children, Youth, and Families in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with Commission services is estimated to require 7 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Valley City department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$110,000, the largest expenditures being for the Greater LA Youth Initiative and the LA Child Care & Development Council. The department's contract with the Greater LA Youth Initiative that ended December 2000 provided services relating to the department's federal grant from the Department of Justice for the juvenile justice system. The contract with the LA Child Care & Development Council is ongoing and provides for child care services at the Joy Picus Child Care Center.

Because the Greater LA Youth Initiative is funded by the Department of Justice grant to the City of Los Angeles, provision of this service is assumed to remain with the City. The funding for the LA Child Care & Development Council contractual service is also assumed to remain with the City, as the Joy Picus Child Care Center is not located within the boundaries of the proposed Valley City, and would remain under ownership and control of the City of Los Angeles.

The department does contract for other services and tasks, such as copier rentals and miscellaneous professional services. It is therefore assumed the Valley City would incur future contractual services expenditures, and that these expenditures can be estimated based on the proportion of department staff deemed to be providing services to the Valley (26.9%, as calculated above).

Projected Revenues

The Commission has been historically funded entirely from the City's General Fund, and it is assumed that the new Valley City would also use general fund revenues to fund department activities.

The department did receive one federal grant from the Department of Justice. The grant was service based to help the city coordinate with county government for the juvenile justice system. The grant also provided for several training sessions of the juvenile justice system to schools and the community. The grant ended in December of 2000 and will not be in existence when the proposed transition to the new Valley City commences.

Commission on the Status of Women

The Commission on the Status of Women assists in providing women the opportunity to participate in City government and promotes the general welfare of women throughout Los Angeles. The Commission advises the Mayor and Council of the needs and concerns of women, investigates problems and recommends programs that will increase opportunities for women, and performs studies and surveys.

Distribution of Service within City

All Commission staff are located at the Commission's downtown Los Angeles offices at 250 East First Street. Several services provided by these staff, however, are carried out in geographically dispersed areas throughout the City. For example, the Young Women at Risk Violence Intervention Pilot Program (YWAR), a school-based preventive intervention program for female youth with social, behavioral, and/or emotional problems, is located at Duke Ellington Continuation High School in Los Angeles and is operated by Commission staff. YWAR attempts to successfully intervene in girls' lives by eliminating, resolving, or reducing behaviors and environmental factors that increase girls' risk of delinquency. The program focuses on academic retention, decision-making, self-awareness, knowledge of healthy relationships, and life skills.

The department provides direct services from its downtown offices including trained staff who answer domestic violence, sexual harassment, and gender discrimination phone calls. The department works with shelters in outlying areas of the City and administers programs, which are mandated initiatives by the City Council such as YWAR, the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), and Domestic Violence. In addition, the department publishes literature and produces an LA Women Talk Show, which airs once a week.

Proposed Apportionment

An apportionment of the services the Commission provides could be accomplished by transferring to the new Valley City: (1) responsibility for the operation of the department's programs in the Valley to the new Valley City (including a transfer of City staff sufficient to administer the CEWAD and Domestic Violence programs, and also sufficient staff to answer domestic violence and sexual harassment calls); and (2) a proportional share of necessary policy development staff and direct administrative support currently located at the downtown offices.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. For fiscal year 2000-01 the department has 12 budgeted positions, of which 7 are Commissioners. While not formally divided into divisions, the commission's staff can be placed in two categories, as listed in the table below.

COMMISSION ON THE STATUS OF WOMEN INTERNAL DIVISION FUNCTIONS	
<u>Division/Category</u>	<u>Function</u>
Management	Provides overall management and supervision.
Staff	Carries out Commission duties and programs.

Given the centralized nature of many of many of the programs offered by the department, the department's services are generally provided to residents of the City irrespective of geographic location. Therefore, population in the Valley can be used as a measure of service needs for which sufficient staffing would be required to continue the current level of service. Using the estimated Valley population of 35.31% of the entire City, it is estimated that a total of 2 positions currently provide service to the Valley. A special reorganization would therefore result in 2 positions, or 40% of the department's current staff, being transferred to the new Valley City.

**COMMISSION ON THE STATUS OF WOMEN
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Staff availability	1	0
Staff	Population	4	2
Total		5	2

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Commission on the Status of Women do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 5 positions, 2 are professional/technical, 2 are administrative/support, and 1 is, based on the City's description of positions, best characterized as a specialist. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the 2 positions allocated to the Valley would consist of 1 professional/technical position and 1 administrative/support position.

**COMMISSION ON THE STATUS OF WOMEN
CURRENT COMPOSITION OF STAFF**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	1					1	E. Director
Staff	4	2	Analyst	2	Clerk		
Total	5	2		2		1	
Percent of Total		40.0%		40.0%		20.0%	

Such an apportionment of staff, however, would result in the City of Los Angeles retaining no senior management for the department. Because this would have a significant impact on the level of service the department provides, no management could be transferred from the City of Los Angeles. Thus the new Valley City would need to operate without an Executive Director or hire a new Executive Director in order for the department to provide a comparable service level. For the purposes of this fiscal analysis it is assumed the Valley City would operate without an Executive Director.

For fiscal year 2000-01, the department has also budgeted for 2 "as needed" positions. A proportional amount of the cost for these positions is assumed transferred to the Valley City based on the number of budgeted staff transferred.

Transfer of Equipment and Facilities

The Commission on the Status of Women administers its programs through its main office and, for the YWAR program, at the Duke Ellington Continuation High School. However, the department does not own any equipment, its main office, or any of the locations at which it administers programs. Therefore, the special reorganization would not result in a transfer of equipment or facilities to Valley City.

Transition of Service to New City

The service it provides is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is assumed the City could transfer all required staffing necessary for Commission and functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$449,400. As shown in the table below, the majority of department expenditures (roughly 79%) are for staff salaries.

CITY OF LOS ANGELES – COMMISSION ON CHILDREN, YOUTH, FAMILIES USES OF FUNDS	
<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 356,404
Expenses	72,506
Equipment	0
Interdepartmental Charges	20,490
Total Expenditures	\$ 449,400

In estimating expenditures for the Commission on the Status of Women in the new Valley City, it is assumed the department will require 2 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Valley City department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

Contractual Services

The department as operated by the City does not utilize contractual services valued at over \$100,000. It is not assumed as part of this analysis that the Valley City department would require the use of contractual services.

Projected Revenues

The Commission has been historically funded primarily from the City's General Fund. The department does not receive any grant funding but is active in fund raising. It is assumed that the Valley City would support its own department exclusively from its own general fund.

Community Development Department

The department administers the Housing and Community Development Block Grant, Workforce Investment Act Grant, and Community Services Block Grant. In all, it is responsible for the fiscal management of approximately \$200 million in grant funds, which are distributed to approximately 450 contractors. The department also coordinates the development of the City's annual Community Development Block Grant Application, provides grant coordination, recommends allocation of funds by contractual agreements for conducting work experience, classroom and on-the-job training programs, and administers grant-supported social programs and neighborhood development activities.

Distribution of Service within City

The department provides service for the residents and businesses in the City through several different grant-funded programs, as well as through direct referral and advisory services provided by department staff. Community Development Department (CDD) offices are located at 215 W. Sixth Street in downtown Los Angeles. Most of the department's employees work at this location with the exception of three Census Outreach staff located at 205 S. Broadway #620, two employees at the Bradley/Milken Youth and Family Center (1773 E. Century Boulevard, Los Angeles), one employee at Kulick Grant-Watts (1776 E. Century Blvd., Los Angeles), and one employee at 404 South Bixel in Los Angeles.

Proposed Apportionment

Because the department's primary function is the administration of grants, the methodology to estimate the number of staff that may transfer to the Valley upon a special reorganization begins with the estimated geographic distribution of grant funding. According to the fiscal year 2000-01 budget, the department received 90 percent of its funding from Community Development Block Grants (CDBG) and Workforce Investment Act (WIA) grants. Given that CDBG accounts for nearly 50 percent of the department's funding, the Valley's entitlement under the CDBG grant formula is used as indicator of the Valley's proportion of the City's current grant entitlements.

However, both the CDBG and WIA grants require that any local agency receiving funds submit and receive approval of a Consolidated Plan or strategic 5-year local plan. The City's current Consolidated Plan has been approved through 2003. This is an interim document for the period 2000-03 only. The City will submit a full five-year document for the period 2000 through March 30, 2005 with the receipt of Census 2000 data, anticipated in late 2002. The WIA local plan is approved through June 30, 2005. Pending review of existing grant contracts, it is assumed that new city will need to rely on the City of Los Angeles for the administration of CDBG and WIA grants until the new city can apply for its own CDBG and WIA grants in 2005-06 and develop its own Consolidated Plan. The new city, however, would be required to reimburse the City of Los Angeles for program administration.

The Department of Housing and Urban Development (HUD) distributes CDBG funds based on a formula that weights the total population, the total population of persons in poverty, and the number of persons living in overcrowded housing. Poverty is weighted twice. The table below shows the application of this formula to the study areas and the estimated distribution of CDBG grant funds to the study areas.

CDBG Formula Grant Allocation and Estimated Grant Per Study Area, FY 1998-99								
	1990 Population		1990 Poverty		1990 Overcrowding		Estimated Formula Ratio	Estimated Grant
San Fernando Valley	1,211,974	35%	129,435	20%	65,036	24%	25%	\$22,334,344
Los Angeles	2,134,725	61%	488,758	76%	195,440	72%	71%	\$64,382,210
Harbor	138,009	4%	23,211	4%	10,447	4%	4%	\$3,391,218
Total	3,484,708		641,404		270,923		100%	\$90,107,772
Source: City of Los Angeles, <i>Final Geographic Revenue Analysis for Fiscal Year 1998-99</i> , February 2000, p. 96.								

Transfer of City Personnel

For fiscal year 2000-01 the Community Development Department has 274 budgeted positions. Based on the functions of each division, measures of workload and probable grant-supported staffing have been identified. The department is comprised of nine divisions, the functions of which are described in the table below.

COMMUNITY DEVELOPMENT DEPARTMENT INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Executive	Responsible for managing department staff.
Human Services	Responsible for human services and family development-related programs, manages funding and the contractors that deliver the programs.
Neighborhood Development	Responsible for the renovation and construction of facilities operated by non-profit community-based organizations and coordinates major repairs to several City-owned facilities. Performs all monitoring associated with contracts established for the provision of these services.
Workforce Development	Administers funding for job training and placement and provides economic development and business assistance services to businesses.
Industrial and Commercial Dev.	Offers direct and indirect financing and technical assistance programs.
Administrative Services	Prepares department's budget, procurement of and payment for goods, environmental reviews, census analysis, public relations, contract administration, records retention, and information services.
Computer Systems	Designs, implements and supports department's computer systems and other IT services.
Financial Management	Responsible for the fiscal management of grant funds.
Human Resources	Comprised of the Personnel Unit and EEO Compliance Unit, provides the department with human resources-related services.

As shown in the table below, it is estimated that a total of 70, or roughly 25 percent, of the department's staff provide services to the Valley. This estimate is based on the fiscal year 2000-01 budget, and on a total of 274 positions in the department.

**COMMUNITY DEVELOPMENT DEPARTMENT
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Executive	Proportion of employees	3	1
Administrative Services	Proportion of employees	19	5
Computer Systems	Proportion of employees	8	2
Human Resources	Proportion of employees	5	1
Financial Management	Valley Proportion of CDBG entitlement	31	8
Human Services	Valley Proportion of CDBG entitlement	43	11
Neighborhood Development	Valley Proportion of CDBG entitlement	12	3
Workforce Development	Valley Proportion of CDBG entitlement	135	34
Industrial and Commercial Dev.	Valley Proportion of CDBG entitlement	18	5
Total		274	70

The methodology used to estimate the number of positions required to provide community development-related services to the Valley is twofold. First, the Executive, Administrative Services, Computer Systems, and Human Resources divisions all provide internal department services. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City. Next, the transfer of personnel required to serve the Valley by the remaining divisions is generally contingent upon the outcome of the grant entitlement formulas. According to the CDBG entitlement formula, the Valley would be entitled to approximately 25 percent of the current CDBG funds accounted for in the Consolidated Plan. Assuming that department staff is a function of funding, and using the Valley's proportion of the City's current CDBG entitlement as an indicator of total grant entitlement that could be received by the Valley, approximately 25 percent of the remaining division's staff would be transferred to the new Valley City.

The department also includes 245 positions that are funded by Council Resolution Authority. These positions are funded outside the Adopted Budget from grant funding that is not programmed as part of the budget process. Because this fiscal analysis identifies the portion of revenues and expenditures in the City's Fiscal Year 2000-01 Adopted Budget, the transfer of Council Resolution Authority positions are not addressed. In the event the proposed Valley City becomes eligible for Consolidated Plan entitlement funds, it is likely that a portion of the funding currently supporting the department's Council Resolution Authority would be transferred to the Valley City, which would require that a concomitant level of Council Resolution Authority positions would need to be transferred to the Valley City.

The department has also budgeted for several "as needed" positions for fiscal year 2000-01. It has been assumed that a proportional amount of the cost of these positions would be transferred to the Valley City based on the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Community Development Department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 274 positions, approximately 57% are professional/technical. The professional/technical positions generally include Analysts, Environmental Supervisors, Accountants, Financial Officers, Auditors, Fiscal Systems Specialists, Grants Administrators, Building Inspectors, and Project Coordinators. The clerical/administrative category comprises 41% of department staff. It includes Secretaries, Clerks, Management Aides and Assistants. Finally, approximately three percent of department staff are upper management. This category includes the General Manager, Assistant General Managers, Chief Management Analysts, Director of Systems, and Neighborhood Development's Senior Management Analyst II.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the 70 positions apportioned to the Valley would consist of the following: 39 profession/technical positions, 29 clerical/administrative positions, and 2 management/specialists.

COMMUNITY DEVELOPMENT DEPARTMENT COMPOSITION OF WORKFORCE		
<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	155	56.7%
Clerical/Administrative	112	40.9%
Management/Specialists	7	2.5%
Total	274	

Transfer of Equipment and Facilities

The department was asked, as part of the development of this analysis, to identify any assets that could not be divided for potential apportionment to the proposed Valley City. The department has not identified any centrally located computer equipment and software that could not be divided and transferred to the new Valley City and no other assets valued at more than \$100,000.

Transition of Service to New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and for the acquisition, development, or transfer of equipment and systems to the new Valley City. However, it has been assumed for the purpose of this analysis that the department would not transfer personnel until expiration of the City's current Consolidated Plan. The City's Consolidated Plan specifies the department's allocation of federal grant funds through 2005. The Consolidated Plan has been approved through 2003 and the City will submit a full five-year budget for the period 2000-05 with the receipt of Census 2000 data, anticipated in late 2002. Pending review of existing grant contracts, it is assumed that new Valley City will need to rely on the City of Los Angeles for the administration of grants included in the Consolidated Plan, until it can apply for its own federal grants in 2005-06.

Projected Expenditures

The special reorganization would result in the transfer of 70 positions to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget.

On June 30, 2000, the City Council adopted a Motion (C.F. 00-1267) to approve the Program Year 2000-01 Budget for the Department of Labor Youth Opportunities Grant. The Budget approved by the Council and Mayor authorized 73 new positions exempt from Civil Service and 18 Civil Service positions, for a total of 91 new position authorities. It is assumed that these positions are accounted for in the department fiscal year 2000-01 organizational chart. Other than these increases, the

department does not anticipate any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

The new Valley City will reimburse the City the proportion of General Funds expended to administer programs in the Valley stipulated in the current Consolidated Plan. For the purpose of this analysis, it is assumed that the reimbursement would be comprised of the salary costs for all contracted personnel, plus indirect costs such as fringe, "central services", and "department administration and support." Because the Consolidated Plan and City budget are based on different fiscal years, the new Valley City will also need to reimburse the City for program administration during the overlapping fiscal periods. The Consolidated Plan fiscal year begins in April and the City's fiscal year begins in July. For the purpose of this analysis, it is assumed that the City will administer the new Valley City Consolidated Plan until July.

Contractual Services

The department contracts with outside vendors for various services including but not limited to information technology, graphics, photocopier rental and maintenance, specialized training programs, security, transportation for job training participants, marketing, architecture, grant writing, and sidewalk vending district management. The department's fiscal year 2000-01 allocation for contractual services is \$926,285. It is not expected that the department's need for contractual services will change significantly over the next five years. It is assumed for the purpose of this analysis that the new Valley City's budget for contractual services will be proportional to the department's percent of total staffing transferred.

Projected Revenues

The department has been historically funded primarily from the City's Community Development Trust Fund and from the Job Training Partnership Act Fund (now WIA). The new city would need to apply for its own entitlement funding as part of a Valley City Consolidated Plan and WIA Five-Year Local Plan. It is assumed for the purposes of this analysis that the Valley City would receive funding from its own Community Development Trust Fund and Workforce Investment Act Fund according to the percentages shown on Table R-7 in Appendix II of this report. The department also receives funding from the Community Services Administrative (CSA) Grant and UDAG. The CSA grant provides funds to alleviate the problems of poverty and to benefit low-income residents of the City. Program services are provided under contract by community-based delegate agencies. The City, acting as the Community Action Agency, conducts program planning, monitoring, assessment and administrative activities. The new Valley City will need to establish itself as a Community Action Agency in order to receive CSA grant funds directly. UDAG funding will be made at the discretion of the new city's City Council.

With respect to General Fund revenue, it is assumed the Valley City General Fund would support the new Valley Community Development Department for costs in excess of grant receipts. All general revenue receipts contributed by residents and businesses in the Valley would be contributed to the new city's General Fund in accordance with the applicant's proposal for special reorganization.

**COMMUNITY DEVELOPMENT DEPARTMENT
SOURCE OF FUNDS**

	FY00-01 Budget
General Fund	\$ 946,841
Community Development Trust Fund	9,552,467
Community Services Admin. Grant	1,000,254
Workforce Investment Act Fund	7,927,110
UDAG	102,103
Total Funds	\$ 19,528,775

In addition to grant funding, CDD also receives funding from program income. Many of the eligible activities under CDBG programs involve loans for economic development and housing construction and rehabilitation. These loans typically offer long-term repayment schedules. Revenues generated as a result of the repayment of these loans can only be used according to the terms and conditions of the original grant program, so program income from CDBG funds must be used according to CDBG program requirements.

The table below shows the amount of program income received from each of the study areas in fiscal year 1998-99, as estimated by the City. According to the City's analysis, projects in the Valley generated approximately 28% of the CDBG-related program income. Program income is not accounted for in the City's budget. It is assumed for that the City will be the custodian of program income that will be used to fund projects outside the City's budget.

**CDBG PROGRAM INCOME
FISCAL YEAR 1998-99**

<u>Study Area</u>	<u>CDBG</u>
San Fernando Valley	\$ 3,471,550
Los Angeles	8,896,431
Harbor	191,615
Total	\$12,559,597

Source: City of Los Angeles, *Final Geographic Revenue Analysis for Fiscal Year 1998-99*, February 2000, p. 97.

The following table represents General Fund departmental receipts. The department's gross receipts, \$6,599,559 in fiscal year 2000-01 dollars, represent its total cost recovery to the General Fund. It is assumed the new Valley City's departmental receipts would be contributed to the Valley general fund. The City's receipts from the department are "fees" charged for related costs, primarily to the Community Development Trust Fund (Schedule 8) and Workforce Investment Act Fund (Schedule 22). It is assumed that the Valley would have its own special purpose funds upon direct receipt of CDBG funds, and would also charge for reimbursement of related costs (see Table E-7 in Appendix II). The amount of the General Fund departmental receipts that are currently generated by the Valley, as well as other General Fund receipts that would be contributed to the new city are discussed in section "Transfer of Revenue."

**COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Rents and Concessions	0
Miscellaneous Revenues	0
Reimbursement from Other Funds	4,174,022
Special	2,425,537
 Total Community Development	 \$ 6,599,559

Controller

The Controller is the chief accounting and auditing officer in the City. In this capacity the Controller supervises all accounts of officers and boards, records and audits all receipts and disbursements, and protects appropriations against overdraft or expenditure for unauthorized purposes. The Controller also prepares payrolls, acts as custodian of all official bonds (except that of the Controller), and is responsible for all of the City's official financial reporting. The Controller is one of three City Officers elected to office (the other two are the Mayor and City Attorney).

The City Controller's Office does not provide services directly to the public. Instead, it serves an indirect support services role, in that its primary function is to support the City's other departments.

Distribution of Service within City

All of the services provided by the Controller are provided through the Controller's offices located in downtown Los Angeles, primarily at 200 N. Main Street. Direct administrative support for the Controller is provided by staff that are centrally located at the Controller's offices. Centralized direct administrative support includes Budget and Personnel services and Controller's Archives.

Proposed Apportionment

The proposed apportionment seeks to transfer to the new Valley City responsibility for the services the Valley currently receives from the Controller. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Valley, with the exception of department personnel responsible for centralized information systems (it is envisioned that these employees would perform this work under the terms of a contract agreement between the City of Los Angeles and the Valley City); and (2) a proportionate share of the department's centralized administrative and operational equipment and other assets, with the exception of centralized information systems that cannot feasibly be transferred.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the potential demand for services provided in the Valley.

For fiscal year 2000-01 the Controller has 171 budgeted positions. The department is divided into six divisions, the functions of which are described in the table below.

CONTROLLER INTERNAL DIVISION FUNCTIONS	
<u>Division</u>	<u>Function</u>
Management	Overall department management and oversight.
Accounting & Disbursements	Responsible for appropriations, demand auditing, payroll, check reconciliation, Paymaster processing, and the City's Purchasing Card program.
Auditing	Conducts independent audits of the financial operations of City departments.
Financial Reporting	Prepares City financial statements and reports.
Managerial Services	Provides administrative staff support for the department.
Systems	Responsible for information systems, including fiscal systems, FMIS, technical support, and payroll and procurement systems.

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley. As shown in the table below, a total of 36 positions would be transferred to the new

Valley City, excluding those positions that currently provide services to the Valley but, as will be discussed in more detail below, are envisioned to remain with the City of Los Angeles while providing services to the Valley on a contractual basis. A special reorganization would thus result in 36 positions, or roughly 21.0% of the department's staff, being transferred to the new Valley City.

Positions from three divisions within the Controller's Office that carry out the department's central activities – Accounting and Disbursements, Auditing, and Financial Reporting – are allocated to the Valley on the basis of the number of total City personnel that would transfer to the proposed Valley City. This allocation is calculated by multiplying the proportion of personnel that would transfer to the Valley by the number of positions in that division.

Positions in the Management and Managerial Services, which support the central activities carried out by the department's other divisions, are allocated to the Valley so that the new Valley department would have the same personnel ratio for these divisions as currently staffed by the City.

Finally, no positions in the Systems divisions are apportioned to the Valley. This is because it is assumed in this report that for both financial and technological reasons, the Valley City will initially contract for its major information systems with the City of Los Angeles. Among these major information systems are the Financial Management Information System (FMIS) and the Payroll system, both of which are based within the Controller's Office. (See section "Transfer of Equipment and Facilities" below for a description of the Controller's major information technology systems. See also chapter "Information Technology Agency" for a discussion of the proposal for providing the Valley City with information and communications technology services.)

CONTROLLER ALLOCATION OF WORKLOAD AND PERSONNEL

Division	Allocation Method	Positions*	Valley Allocation
Management	Proportion of employees	11	2
Accounting & Disbursements	Proportion of citywide employees	76	19
Auditing	Proportion of citywide employees	37	9
Financial Reporting	Proportion of citywide employees	16	4
Managerial Services	Proportion of employees	9	2
Systems	Staff not transferred	22	0
Total		171	36

* Number of positions per division based on the 2000-01 organization chart. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The current organizational structure of the department appears, for the most part, to contain resources at all job classifications to allow for a transfer of the identified number of positions that serve the Valley without significantly burdening the City. As shown in the table below, the department employs a sufficient level of professional/technical and administrative/support staff for a transfer of positions to occur while maintaining a sufficient level of service.

The transfer of specialist staff, however, may be an issue that needs to be addressed. Presumably, both the City's remaining Controller's Office and the new Office created in the Valley city will require a Controller (or equivalent) position to lead the department. Since the Office currently has only one Controller, it may be necessary to hire an additional Controller, or promote a current staff member to this leadership position, if a special reorganization occurs.

**CONTROLLER
CURRENT COMPOSITION OF STAFF**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	11	3	Director	3	Clerk	1	Controller
		1	Analyst	2	Secretary		
		1	Auditor				
Accounting & Disbursements	76	29	Accountant	35	Clerk		
		9	Supervisor	1	Secretary		
		1	Analyst				
		1	Specialist				
Auditing	37	2	Director	1	Clerk		
		2	Controller	1	Secretary		
		17	Analyst				
		12	Auditor				
		2	Accountant				
Financial Reporting	16	1	Officer ¹				
		3	Analyst				
		11	Accountant				
		1	Auditor				
Management Services	9	3	Analyst	4	Clerk		
		2	Wh/Tr wkr. ²				
Systems	22	2	Analyst	6	Clerk		
		6	Engr. Tech.				
Total	171	122		48		1	

¹ Refers to GAAP Compliance Officer

² Refers to Warehouse/Toolroom Worker

Transfer of Equipment and Facilities

The department has neither any facilities located in the Valley nor any special equipment, and therefore a special reorganization would result in no transfer of special equipment or facilities to the new Valley City.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the Controller to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$11.8 million. As shown in the table below, the majority of department expenditures (roughly 86%) are for staff salaries. The majority of department expenses (\$3.4 million) are for the administration of City elections.

**CITY OF LOS ANGELES – CONTROLLER
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 10,070,408
Expenses	1,253,052
Equipment	87,889
Interdepartmental Charges	340,113
 Total Expenditures	 \$ 11,751,462

In estimating expenditures for the Controller in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with Controller services is estimated to require 36 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Valley City department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted positions transferred.

Contractual Services

For fiscal year 2000-01, the department has budgeted \$1.3 million for contractual services, representing 10.7% of its total budget. The department's contractual services include auditing services and other professional services that are expected to be needed by the new Valley City. Contractual services expenses for the Valley City are assumed equal to a percentage of the City's fiscal year 2000-01 amount, based on the total number of department staffing transferred to the Valley City, adjusted for inflation.

As discussed above, however, this report assumes that the Valley will contract with the City of Los Angeles for major information technology services, including the FMIS and Payroll systems. It is estimated that these contract services will cost the Valley the equivalent of 7 positions, which is based on assuming 25.57% of the 22 positions in the Systems division will provide the Valley with contractual services. Given an average per-employee salary in the department of \$58,891,²² and an overhead ("CAP") rate of 104.8%,²³ the Valley's annual contract cost for these services is estimated to be \$844,430.

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Controller in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

²² Based on "City of Los Angeles Budget, Fiscal Year 2000-01."

²³ CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Controller employees, assuming employees remain in City facilities to provide services. The rate consists of the sum of the Fringe Benefit rate (18.98%), Central Services (31.37%), and Department Administration and Support (54.49%).

**CITY OF LOS ANGELES – CONTROLLER
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 11,211,737
Community Development Trust Fund (8)	110,745
HOME Investment Partnership Fund (9)	30,753
Sewer Construction and Maintenance Fund (14)	231,716
Workforce Investment Act Fund (22)	52,134
Proposition A Local Transit Fund (26)	46,693
Procurement Reengineering Trust Fund (32)	67,684
 Total	 \$ 11,751,462

Of all the revenue sources listed above, the only one assumed to be not transferable to the Valley is the Sewer Construction and Maintenance Fund. This Fund is assumed non-transferable because for the purposes of this report, it is envisioned that the City of Los Angeles would retain ownership of all elements of the current sewer system. (See section “Public Works – Bureau of Sanitation, Projected Revenues” for a more detailed discussion of the proposal for sewer system assets.) For those revenue sources that would be transferred to the Valley, the amount transferred is based on the percentages shown on Table R-7 in Appendix II of this report.

Another element of the new Valley City’s ability to fund its operations is the amount of funds each department generates on behalf of the General Fund. In fiscal year 2000-01, the Controller’s Office in the City of Los Angeles generated \$2.2 million in “departmental receipts” for the City’s General Fund. It is assumed the Valley City would generate its own departmental receipts based on the percentages shown in Appendix II.

Council

The Council is the governing body of the City except as otherwise provided in the Charter, and enacts ordinances subject to the approval or veto of the Mayor. It orders elections, levies taxes, authorizes public improvements, approves contracts, and adopts traffic regulations. The Council adopts or modifies the budget proposed by the Mayor and provides the necessary funds, facilities, equipment, and supplies. It creates positions, fixes salaries, and authorizes the number of employees in budgetary departments. The Council confirms or rejects appointments proposed by the Mayor, prescribes duties for boards or officers not defined by Charter, and may suspend elective officers.

Distribution of Service within City

Each Council member provides direct services to the public through his or her City Hall office and maintains geographically disbursed district office(s) that provide constituent services. Staff at the downtown office is generally responsible for policy development, supervision and management of various special projects, and legislative initiatives for the district. Additional responsibilities include managing the Council Office's communications, outreach, and community education, crafting policy recommendations on important issues, and general office administrative duties. District office staff is responsible for managing overall constituent services, community outreach, oversight of special projects, and the internal operation of the office.

Proposed Apportionment

In the event of a Valley area special reorganization, the new Valley City would create approximately 12 new council districts. Support staff for the Valley City council could be hired new, or transferred from the City of Los Angeles. Given that Los Angeles City Council Members representing districts in the Valley may experience a reduction in workload in the event of Valley area special reorganization, it is assumed the a proportional share of the resources expended on Council Member staff and administrative support would be transferred to the new Valley City council.

Although the staffing to be allocated to the Valley can be estimated based on the proportion of population residing in the Valley, the City Charter encumbers the transfer of Council members. Article II Section 204 (e) of the current City Charter circumscribes the effect of redistricting on incumbents.

No change in the boundary or location of any district by redistricting shall operate to abolish or terminate the term of office of any member of the Council prior to expiration of the term of office for which the member was elected.²⁴

Upon a Valley area special reorganization, the new remaining City of Los Angeles may be redistricted into 15 distinct districts with, as nearly as practical, an equal proportion of the total city population as mandated by the City Charter.²⁵ Given the above caveat regarding incumbents, the current Council members representing the Valley would be able to retain their elective office until the expiration of their term. In effect they would lose their constituent base, but remain on the council as "Council Members-At-Large." Since Council members are elected to four-year terms at biennial elections in odd-numbered years, alternating between odd and even numbered districts, all City Council Members currently representing the Valley may remain on the Council until 2005, and two may remain until 2007. Certain of these council members, however, may resign their seats in order to run for council seats for the new Valley City, and those abandoned seats on the City Council would have to be re-filled.

Transfer of City Personnel

As mandated by the City Charter, each of the fifteen districts currently contains, as nearly as practicable, one fifteenth of the City's total population.²⁶ Given that the District boundaries are based

²⁴ Charter of the City of Los Angeles as adopted on June 8, 1999, Article II Section 204 (e)

²⁵ Charter of the City of Los Angeles as adopted on June 8, 1999, Article II Section 204 (a)

²⁶ Charter of the City of Los Angeles 1990 Ed. 8th Revision with Amendments to and including those approved in the Special Municipal Election of November 3, 1998. Article II Section 6 (2) (a)

on population, the staffing to be allocated to the Valley can be estimated based on the new Valley city's proportion of the total population, 35.31%.

For fiscal year 2000-01 the Council has 108 budgeted positions, which include the 15 council members, and a relatively large budget appropriation for as needed positions. While not formally divided into divisions, the Council's staff can be placed in three categories, as listed in the table below.

COUNCIL INTERNAL DIVISION FUNCTIONS	
<u>Division/Category</u>	<u>Function</u>
Management	Provide overall management and supervision.
Analytical	Provide overall legislative and management analysis.
Staff	Carries out Council duties and programs.

Based on the nature of the Council's functions, population is used as a measure of service needs in the Valley. Using the estimated Valley population of 35.31% of the entire City, it is estimated that a total of 33 positions (35.31% of 93 budgeted positions, excluding Council Members) currently provide service to the Valley. If unhindered by the Charter, a special reorganization would therefore result in 33 budgeted positions to the new Valley City.

COUNCIL ALLOCATION OF WORKLOAD AND PERSONNEL			
<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Population*	19	1
Analytical	Population	78	28
Administrative	Population	11	4
Total		108	33

* Applied to division excluding Council Members.

The proportion of budgeted staff assumed transferred to the Valley City is also assumed for the department's estimated 31 as needed positions.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

For most City departments, an analysis has been undertaken as part of this fiscal analysis to assess whether a sufficient number of qualified personnel would be transferred to the new Valley City and retained by the City of Los Angeles. As shown in the table below, of the Council's current 108 budgeted positions, 37 are professional/technical, 56 are administrative/support, and 15 are Council Members. It has been assumed in this fiscal analysis that the City's Council Members would not be apportioned, and the Valley City would create 12 new council districts in the Valley.

To achieve a roughly similar mix of skills and experience among Council staff in the new Valley City, the 33 budgeted positions allocated to the Valley would consist of 13 professional/technical positions and 20 administrative/support positions.

**COUNCIL
CURRENT COMPOSITION OF STAFF**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	19	1	Chief Legislative Analyst			15	Council Member
		3	Asst Chief Legislative Analyst				
Analytical	78	33	Analyst	45	Council Aide		
Staff	11			11	Clerk/Secretary		
Total	108	37		56		15	
Percent of Total		34.2%		51.9%		13.9%	

Transfer of Equipment and Facilities

The Council administers its programs through its main office and the District offices. However, the Council does not own any equipment valued at over \$100,000 at its main office or at any of the locations at which it administers programs. Therefore, the special reorganization would not result in a transfer of equipment or facilities to the San Fernando Valley.

Projected Expenditures

The expected salary, equipment, and expense costs for the new Valley city council are estimated based on the proportion of fiscal year 2000-01 budgeted personnel transferred. The Council does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

As no Los Angeles City Council Members are assumed transferred, a new Valley City council would be comprised of an additional 12 paid positions. The additional cost of the Valley City council is estimated using the budgeted annual salary as of fiscal year 2000-01 for Los Angeles City Council Members. A discussion of all additional staffing positions required by the Valley City and not transferred from the City is provided in section "Valley City Start-Up Costs."

Contractual Services

The Council as operated by the City does not utilize contractual services valued at over \$100,000. It is not assumed as part of this analysis that the Valley City Council would require the use of contractual services.

Projected Revenues

The Council has been historically funded primarily from the City's General Fund and does not receive any grant funding. It is assumed that the Valley City would support its own Council exclusively from its general funds.

Cultural Affairs

The Cultural Affairs Department supports cultural activities such as art exhibitions, community art events, special events, and arts classes. The department often partners with non-profit organizations that administer and coordinate these programs. The department serves under the direction of two commissions, the Cultural Affairs Commission (CAC) and the Cultural Heritage Commission (CHC). The CAC approves the design of buildings, bridges, and other structures that are constructed on or over City property, and, together with the department, administers the City's Percent for Arts/Endowment Fund. The functions of the CHC include determining whether individual properties meet the criteria for historical or cultural landmark designation, providing property owners with technical assistance in balancing proposed change with architectural preservation, and working with civic groups to preserve monuments.

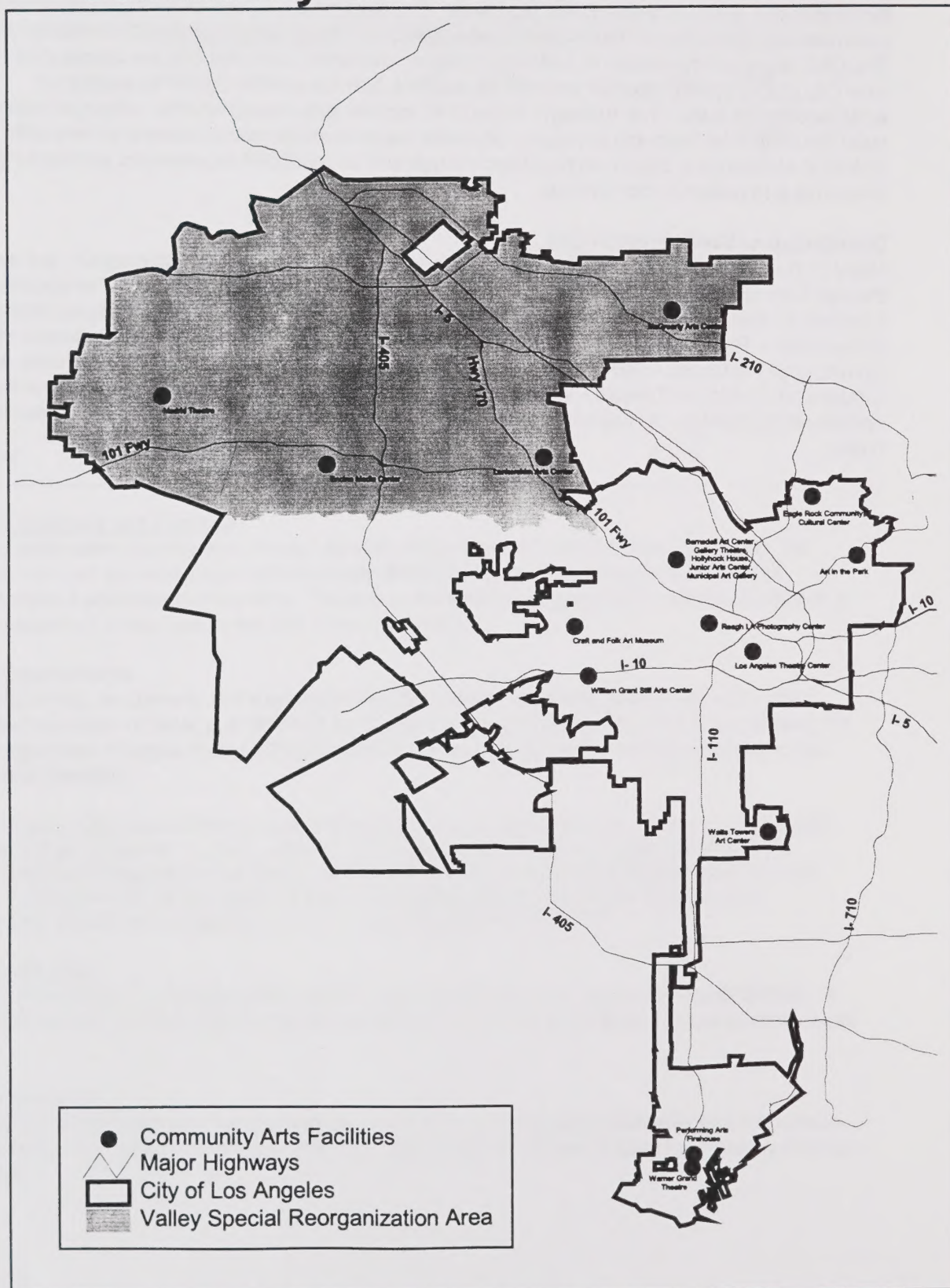
Distribution of Service within City

Many of the direct services provided by the department, including the City Arts program, are available through Community Arts Centers and theatre houses located throughout the City. The specific functions of each division within the department are described briefly in section "Cultural Affairs Department – Proposed Apportionment" below. As of fiscal year 1999-00, the City operated 11 Community Arts Centers and five theater complexes, two of which – the Canoga Park Junior Art Center and the Madrid Theatre – are located within the boundaries of the proposed Valley area of special reorganization. A map identifying the location of each Community Art Center is provided below.



City of Los Angeles

Community Arts Centers and Theatres



The City Arts Program provides instruction in visual and performing arts, performing arts programs and art exhibitions at City facilities and community locations. The Electronic Arts Academies (EAAs) is one example of services offered at these facilities. They involve youth between the ages of 10-13 in media art education. In each of the council districts, the EAAs offer after school and/or weekend programs for up to 15 students from surrounding schools.

At the Canoga Park Junior Art Center, department personnel are responsible for executing and managing on-site art classes for children and youth between the ages of 3 and 18. Throughout the year staff fundraise, outreach, and plan and execute exhibits/special events. Personnel at the Madrid Theater are responsible for coordinating managing, and executing theater programs. They are also responsible for managing facilities, producing and managing rental agreements and maintaining records. Personnel located at 433 South Spring Street provide direct administrative support for the Department of Cultural Affairs.

The department also administers the Percent for Art program, which requires that one percent of the cost of construction for improvements or remodeling of any public development, or private development valued at greater than \$500,000, are allocated for public art.

Centralized direct administrative support includes accounting and payroll services; contract services; information services; facilities, planning, development and maintenance; and budget formulation and control.

In addition to the Canoga Park Junior Art Center and the Madrid Theatre, the department provides services through several other facilities as well. The table below presents all department facilities located in the Valley special reorganization area. Of the six EAAs located in the proposed special reorganization area, two are city owned facilities.

DEPARTMENT OF CULTURAL AFFAIRS
DEPARTMENT FACILITIES LOCATED IN THE VALLEY SPECIAL REORGANIZATION AREA

<u>Name</u>	<u>Address</u>	<u>Facility Type</u>
California Traditional Music Society	16953 Ventura Blvd., Encino 91316	Partnered Group
Canoga Park Youth Art Center	7222 Remmet Ave., Canoga Park 91303	Youth Art Center
El Proyecto del Barrio Center	20442 Sherman Way, Canoga Park 91306	Electronic Arts Academy Classroom*
Encino Media Center	16953 Ventura Blvd., Encino 91316	Electronic Arts Academy Classroom*
Lankershim Arts Center	5108 Lankershim Blvd., North Hollywood 91602	Electronic Arts Academy Classroom/ Partnered Group*
Madrid Theatre	21622 Sherman Way, Canoga Park 91303	Community Arts and Cultural Center
McGroarty Arts Center	7570 McGroarty Terrace, Tujunga 91042	CAD Art Center/ Partnered Group
North Valley Jewish Community Center	16601 Rinaldi St., Granada Hills 91344	Electronic Arts Academy Classroom*
San Fernando Gardens	10896 Lehigh Ave., Pacoima 91331	Electronic Arts Academy Classroom*
Tierra del Sol Foundation	9919 Sunland Blvd., Sunland 91040	Electronic Arts Academy Classroom*
Sun Valley Youth Arts Center	8672 Sunland Blvd. Sun Valley 91352	Youth Art Center**

* Electronic Art Academies not located in City-owned facilities

**Proposed

Proposed Apportionment

The proposed apportionment is intended to be a sufficient transfer of personnel, equipment, and facilities to allow the Valley City to gain local control of the services provided by the Cultural Affairs

Department. This would involve a transfer of contractual service, City staff sufficient to manage the department's functions in the Valley and the development of a mechanism to provide a proportional level of germane funds for the Valley City.

In addition to the direct services provided by the department, a proportional share of the department's direct administrative support would also be transferred.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the location of facilities and the proportion of workload and/or demand for services in the Valley.

For fiscal year 2000-01 the department is authorized to have 78 non-Commissioner positions (the department has 12 commissioners). The division is divided into 6 divisions, the functions of which are described in the table below.

**DEPARTMENT OF CULTURAL AFFAIRS
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Responsible for overall department management and oversight.
Public Art	Provides technical assistance to public and private developers; technical and financial support for public cultural events.
Communication, Resource & Audience Development	Provides seminars, workshops and technical support to community arts organizations and Regional Arts Councils.
City Arts	Provides instruction in visual and performing arts, performing arts programs and art exhibitions at City facilities and community locations.
Architectural Design/Historical Preservation	Provides design review of structures constructed over or on City property and designates cultural/historic monuments.
General Administration & Support	Provides administrative support for the entire department.

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 15 positions currently provide services to the Valley. A special reorganization would therefore result in 15 positions, or 19.2% of the department's current staff, being transferred to the new Valley City.

**DEPARTMENT OF CULTURAL AFFAIRS
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of Employees	9	2
Public Art	Population	8	3
Communication, Resource & Audience Development	Proportion of Employees	6	1
City Arts	Location	36	5
Architectural Design/Historical Preservation	Discretionary	4	1
General Administration & Support	Proportion of Employees	16	3
Total		79	15

The number of positions in the Public Art division serving the Valley is estimated using the percentage of City population in the Valley. The workload in the department is likely a function of the level of large-scale public and private new construction in the City. It is assumed that, over the period for which a special reorganization would be considered, large-scale public and private new construction would be distributed throughout the City proportional to population. It should be noted that, since fiscal year 1998-99, the overwhelming amount of actual or budgeted Percent for Art fees have come from private development.

Positions from the Communication, Resource & Audience Development Division are allocated to the Valley on a "proportion of employees" basis; specifically, in proportion to the number of City Arts Division positions allocated to the Valley (as discussed below). This allocation assumes that the proportion of Communication/Resource/Audience Development staff serving the Valley mirrors the proportion of all City Arts Division staff providing services to the Valley.

Positions from the City Arts Division are allocated based on the location of City facilities. Interviews with department staff indicate that 5 staff positions – 3 positions located at the Canoga Park Junior Art Center and 2 positions located at the Madrid Theatre – are located within the Valley special reorganization area.

Positions in the Architectural Design & Historic Preservation Division are allocated to the Valley on a discretionary basis. Given the small number of staff in this division, the allocation is made through a reasoned analysis of the number of staff likely to be providing service to the Valley.

Finally, positions in the General Administrative & Support Division and the Management Division are allocated to the Valley based on the percentage of employees in all other divisions that would be allocated to the new Valley City.

In comparison to the number of residents in the Valley, the department appears to serve the Valley disproportionately to other areas. This fact is supported most notably by the location of facilities and staffing relating to the City Arts programs. The table below shows the region and number of assigned positions to the City's art centers and theaters. Regions are identified as the Valley and Harbor areas of special reorganization, and the remaining City of Los Angeles.

**CITY ARTS PROGRAMS
LOCATION OF ART CENTERS AND THEATERS**

<u>Facility</u>	<u>Region</u>	<u>Positions</u>
Warner Arts Center	Harbor	2
Folk & Traditional Art Center	Los Angeles	2
Barnsdale Art Center	Los Angeles	6
Municipal Art Gallery	Los Angeles	7
W.M. Grant Still Art Center	Los Angeles	1
Watts Towers Art Center	Los Angeles	3
Canoga Park Jr. Art Center	Valley	3
Gallery Theater	Los Angeles	2
Los Angeles Theater Center	Los Angeles	2
Madrid Theater	Valley	2
Warner Grand Theater	Harbor	2
Performing Arts	Los Angeles	2
Total		34

Source: City of Los Angeles Cultural Affairs Department.

The department has also budgeted for a large number of “as needed” positions. It is assumed for the purposes of this fiscal analysis that a proportional amount of the cost for these positions is transferred to the Valley City based on the number of budgeted staff transferred.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Department of Cultural Affairs does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department’s current 79 positions, roughly 67.1% are professional/technical, 29.1% are administrative/support, and 3.8% are, based on the City’s description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the 15 positions allocated to the Valley would consist of the following categories of personnel: 10 professional/technical, 4 administrative/support, and 1 specialist.

**DEPARTMENT OF CULTURAL AFFAIRS
CURRENT COMPOSITION OF STAFF**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	9	2	Manager	1	Secretary	1	G. Manager
		2	Director	1	Clerk	1	Architect
		1	Analyst				
Public Art	8	4	Manager	2	Clerk		
		2	Associate				
Communication, Resource & Audience Dev.	6	1	Manager	1	Clerk	1	Designer ¹
		2	Associate				
		1	Specialist				
City Arts	36	6	Director	13	Clerk		
		7	Instructor				
		7	Coordinator				
		1	Preparator				
		2	Curator				
Architectural Design/His Preservation	4	1	Associate	1	Clerk		
		1	Assistant				
		1	Curator				
General Admin & Support	16	6	Analyst	3	Clerk		
		5	Accountant	1	Secretary		
		1	Supervisor				
Total	79	53		23		3	
Percent of Total		67.1%		29.1%		3.8%	

¹ "Designer" refers to Graphic Designer

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City of Los Angeles. The only employee category in which staff members are in relatively short supply is the "specialist" category. This category includes one senior management position – the Executive Director – and two specialty positions – an Architect and a Graphic Designer – of which the department has only one of each. It is assumed an additional Executive Director can be supplied from within the department's current staff to ensure that both the Valley City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service. It is not assumed, however, that the new Valley City will hire an Architect or a Graphic Designer.

Transfer of Equipment and Facilities

As proposed, the special reorganization would result in a transfer of the Canoga Park Youth Art Center and the Madrid Theatre, which are both located within the boundaries of the proposed Valley City. The City owns the land and improvements to each, and no outstanding debt exists.

The department also administers the City Art Collection, which is composed of between 2,000 and 3,000 artworks that have been acquired through gift, purchase and extended loan since the beginning of this century. The collection includes sculptures, paintings, drawings, photographs, and textiles. The artwork is located in over 100 municipal buildings, offices, parks, community centers, libraries, and the Getty House, with less than 10% of it in storage. The City has never undertaken a

professional appraisal of the Art Collection; however, the department has estimated its potential value at greater than \$5 million.²⁷

For the purposes of this analysis, it has generally been assumed that the assets which currently support the delivery of City of Los Angeles municipal services that would come under local control of the Valley City as part of a special reorganization would be transferred to the Valley City without payment. Additionally, it is assumed that assets not used to support the municipal services that would transfer as a result of a special reorganization would not be apportioned between the City and proposed Valley City (see "3. Transfer of Service, Costs, Revenues, and Assets – Apportionment Methodology – Assets"). Consistent with these assumptions, it is assumed that, except for murals that are affixed to facilities, no piece of the City of Art Collection would be apportioned to the Valley City.

Transition of Service to New City

The service provided by the department is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. Each Community Center and Theatre is sufficiently staffed and equipped with supplies needed to provide all services performed by the department. It is assumed the City could transfer all required staffing necessary for the Community Centers and Theatres and functionally operate within an 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information systems.

New commissioners must be appointed to the new valley city. Commissioners can be appointed and the appointments ratified within the 8-month transition period.

Projected Expenditures

The special reorganization would result in the transfer of 15 positions – 19.0% of total department staff – to the new city. The expected salary, equipment, and expense cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted positions transferred. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

²⁷ City of Los Angeles Cultural Affairs Department, "Council File No. 00-1882: The City Art Collection," November 14, 2000.

DEPARTMENT OF CULTURAL AFFAIRS
Ongoing or Planned Construction to Existing Facilities of Over \$100,000

<u>Facility</u>	<u>Council District</u>	<u>Area</u>	<u>Budget Estimate</u>	<u>Status</u>	<u>Purpose</u>	<u>Fund</u>	<u>Notes</u>
Warner Grand Theater	15	Harbor	\$ 200,000	Ph III	Renovation	CDBG	
Watts Towers of Simon Rodia	15	Harbor	240,000	FY 02	Repairs	Fund 480	
Croatian Cultural Center	15	Harbor	400,000	FY 01	Renovation/ Adaptive Use	CDBG	
Barnsdall Art Park	13	LA	9,000,000	FY 01	Landscaping	R&P – MTA	
Barnsdall Art Center	13	LA	1,500,000	FY 01-03	Repairs	GSD	
Hollyhock House & Garage	13	LA	11,000,000	FY 01-03	FEMA	R&P	HHH \$10M, Gar \$1M
Junior Arts Center	13	LA	200,000	FY 01	ADA & Repairs	GSD	
Municipal Art Gallery	13	LA	500,000	FY 01	ADA & Repairs	GSD	
Barnsdall Gallery Theater	13	LA	155,000	FY 01	ADA & Repairs	GSD	
William Grant Still Art Center	10	LA	300,000	FY 02	Classroom	CDBG	
Art-In-The-Park Center (Lalo Guerrero Music School)	14	LA	260,000	FY 01	Renovation	CDBG	
Wm. Reagh Los Angeles Photography Center (EAA)	1	LA	300,000	FY 02	Classroom	CDBG	
Downtown (Engine Co. 23)							
Junior Arts Center	9	LA	2,300,000	FY 02	Plans	Prop K	
Lincoln Heights Junior Arts Center	1	LA	1,000,000	FY 05	Plans	Prop K	Future Bonds
Oakwood Junior Arts Center	6	LA	500,000	FY 05	Plans	Prop K	Future Bonds
Manchester Junior Arts Center	8	LA	1,800,000	FY 05	Plans	Prop K	Future Bonds
Highland Parks Junior Arts Center	14	LA	1,800,000	FY 05	Plans	Prop K	Future Bonds
Canoga Park Junior Arts Center	3	Valley	1,800,000	FY 01	Refurbish	Prop K	
Sun Valley Junior Arts Center	7	Valley	1,060,000	FY 02	Refurbish	Prop K	
Total			\$34,315,000				
Planned New Construction - No Previously Existing Facility							
Bannings Landing Community Center	15	Harbor	\$ 2,000,000	FY 01		Harbor	
Watts Towers Junior Arts Center	15	Harbor	3,000,000	FY 02		Prop K	
Washington Blvd. Performing Arts Theater	10	LA	4,000,000	FY 01		CRA	
Totals			9,000,000				
Grand Total			\$43,315,000				

As a percentage of planned or ongoing construction projects over \$100,000, 8.3% is allocated to the Valley and no monies are allocated for new construction. As a percentage of all construction estimates, the Valley is budgeted 6.6%.²⁸

Contractual Services

The department currently contracts for an assortment of maintenance and professional services, with the largest type of expenditure for payroll services at the City Art facilities. The City's contractual services do not appear weighted toward any particular geographic region; therefore, it is assumed the

²⁸ Supplement to LAFCO Job 167

Valley City would require contractual services proportional to the number of employees that would transfer upon a special reorganization.

Projected Revenues

Two Special Purpose Funds and the City's General Fund support the department's programs. The Arts and Cultural Facilities and Services Trust Fund (Fund 480, Schedule 24) receives an amount equal to one percent of the total costs of all construction, improvement, or remodeling work for each public works capital improvement project undertaken by the City, and an amount from the City's General Fund equivalent to the amount of Transient Occupancy Tax (TOT) imposed at a rate of one percent.²⁹ These funds may only be expended on the acquisition or placement of publicly accessible works of art, the acquisition or construction of arts and cultural facilities, the provision of arts and cultural services, the restoration or preservation of existing works of art, and administration costs of the Public Works Improvement Arts Program.

The Arts Development Fee Trust Fund (Fund 516, Schedule 25) receives a fee not to exceed one percent of the total value of work from owners of non-residential development projects that exceed \$500,000. Funds are used to provide cultural and artistic facilities, services, and community amenities for the project.

Historic revenue for Fund 480 and Fund 516 is presented in the table below.

DEPARTMENT OF CULTURAL AFFAIRS HISTORICAL TOTAL REVENUES AND SPECIAL PURPOSE FUNDS

<u>Year</u>	<u>Fund 480</u>	<u>Fund 516</u>	<u>Total</u>
1998-99	\$7,940,553	\$2,357,906	\$10,298,459
1999-00	8,015,904	2,181,275	10,197,179
2000-01	8,029,000	1,424,541	9,453,541

Source: City of Los Angeles Cultural Affairs Department,
October 11, 2000.

The following table represents General Fund Departmental Receipts for the department.

CULTURAL AFFAIRS DEPARTMENT GENERAL FUND DEPARTMENTAL RECEIPTS

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other Licenses and Permits	\$ 400
Other General Government Services	100
Cultural Affairs Revenue	21,700
Miscellaneous Revenues	5,000
Reimbursements from other Funds	341,077
Total Cultural Affairs	\$ 368,277

The amount of Valley City special services revenue associated with its new Cultural Affairs Department is discussed in section "Transfer of Revenue." The specific special purpose fund allocations to the Valley City are shown on Table R-7 in Appendix II.

²⁹ The transient occupancy tax is a 14% tax on all hotel and motel rooms that is accounted for in the City's General Fund.

Department on Disability

Created in 1998, the Department on Disability's (DD) primary responsibility is the oversight of the City's compliance with the Americans with Disabilities Act of 1990 (ADA) and other disability laws. It plans, administers, and implements activities that relate to the accessibility of all City programs, facilities, and services. It creates, monitors, and responds to legislation and policies affecting persons with disabilities, including the ADA Transition Plan. The department also provides training and technical assistance on complying with disability law, and provides information and referral services on programs available for disabled persons.

The Office of the AIDS Coordinator oversees the City AIDS policy, administers prevention programs through community-based consortia, and provides technical assistance and research to various organizations. It is also a member of the Housing Opportunities for Persons with AIDS (HOPWA) and the AIDS Task Force board and coordinates the National Conference on Women and HIV/AIDS.

Distribution of Service within City

The department administers various ongoing and terminal programs aimed at serving the disabled population of the City. The Rehabilitation Act of 1973 requires the reasonable accommodation of employees with disabilities. Thus general fund monies are made available for the "504 Program" that helps agencies employ people with disabilities. The Community Development Block Grant funds the Computerized Information Center that provides information about city, county, or private services for the disabled. The department also assists the disabled with social security and transportation issues, and provides information of important service available at the City.

The most pressing departmental issue, as prioritized by the ADA, is to make City buildings ADA compliant under the City Facilities Program. The Proposed Budget Summary states that the ADA facilities/buildings requirements should be completed by October 2000. The Budget Summary also states that the ADA Curb Ramp Program, aimed at making the City's public sidewalks ADA compliant, will be completed in fiscal year 2001-02. City residential neighborhoods and the areas administered by the Department of Recreation and Parks are a lower priority and thus are being brought into compliance gradually. The first phase of the Recreation and Parks ADA Compliance Program was initiated in 1999-00 and should be completed by fiscal year 2000-01. The City also budgeted for the purchase of adaptive equipment such as modified workstations, accessible software, computer accessories, and customized chairs as part of the ADA access to programs and services requirements for residents and employees.

It should be noted that the Department of Justice (DOJ) may file lawsuits in federal court to enforce the ADA, and courts may order public entities to make facilities accessible, provide auxiliary aids or services, modify policies, pay compensatory damages, and pay attorneys' fees if the DOJ prevails. Under Title III, the Department of Justice may also obtain civil penalties of up to \$50,000 for the first violation and \$100,000 for any subsequent violation. Audits and litigation are other ADA enforcement procedures. Public entities that have not performed a Self-Evaluation Plan and Transition Plan are subject to lawsuits filed by people with disabilities who have been denied access to programs and services.

The department's services are provided through two locations, neither of which is located in the Valley special reorganization area. The department's central offices, located at the City Personnel Building at 700 E. Temple Street, house all department staff related to ADA requirements, including department-wide program staff and direct administrative support staff. In the central office, the department supervises the ADA Compliance Unit, provides ADA compliance training and technical assistance, and directs legislative policy development and recommendations. Staff related to the Office of the AIDS Coordinator are located in a remote office at 215 West Sixth Street.

Proposed Apportionment

The proposed apportionment is intended to result in a sufficient transfer of personnel, equipment, and facilities to allow the Valley City to provide the services currently provided by the Department on Disability for the benefit of the Valley. This would involve a transfer of City staff and contractual services sufficient to perform the department's functions in the Valley, and the development of a mechanism to provide funds for the Valley City.

All public entities, including a new Valley City, would be mandated to meet ADA regulations. Therefore, the Valley City would be expected to carry out the ADA compliance activities planned by the City for the San Fernando Valley and would require a proportional allocation of staff sufficient to meet the existing mandates of the department. In addition to ADA compliance and the direct services provided by the department for the community, a new Valley City would require a proportional share of the department's direct administrative support staff.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing to be allocated to the Valley can be estimated based on the proportion of workload and/or service needs in the Valley. As of fiscal year 2000-01, the department has 26 budgeted positions, of which 9 are Commissioners. The department is divided into four divisions, the functions of which are described in the table below.

DEPARTMENT ON DISABILITY INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department oversight.
ADA Compliance Section	Administers and oversees the City's ADA-related efforts and ensures the City is complying with the ADA.
AIDS Coordination	Provides services to persons with AIDS and ensures that persons with AIDS have full access to facilities and programs.
General Administration	Provide administrative support for all department divisions and programs.

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 4 positions currently provide service to the Valley. A special reorganization would thus result in 4 positions, or roughly 23.5% of the department's current non-Commissioner staff, being transferred to the new Valley City.

DEPARTMENT ON DISABILITY ALLOCATION OF WORKLOAD AND PERSONNEL

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of employees	6	1
ADA Compliance	Proportion of citywide employees	5	1
AIDS Coordination	Population	2	1
General Administration	Proportion of employees	4	1
Total		17	4

The methodology used to estimate the number of positions allocated to the Valley is as follows. Positions in the ADA Compliance division appear to support City operations as a whole, and would similarly need to support Valley City operations in the event of a special reorganization. Therefore, the service need for a Valley City is estimated as a proportion to the City based on the total number of positions citywide that would transfer to the Valley City (approximately 25%). It should be noted that the City currently plans to complete all components of its Transition Plan for ADA compliance prior to November 2002, the estimated earliest date for incorporation of a new Valley City.

The AIDS Coordination division is a direct service for city residents, where service needs appear more accurately represented by population. For this division, the number of positions that would transfer is estimated using the percentage of City population in the Valley. Positions in the Management and General Administration Division are allocated to the Valley on a "proportion of employees" basis. Positions are allocated in proportion to the percentage of employees in all other divisions that would be allocated to the new Valley City. That is, the ratio of management and administrative support for a new Valley City is assumed proportional to the current City ratio.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Department on Disability do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 17 positions, roughly 70.6% are professional/technical, 23.5% are administrative/support, and 5.9% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the 4 positions allocated to the Valley would consist of the following categories of personnel: 3 professional/technical and 1 administrative/support.

DEPARTMENT ON DISABILITY CURRENT COMPOSITION OF STAFF							
<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	6	2	Analyst	1 2	Clerk Secretary	1	E. Director
ADA Compliance	5	4 1	Analyst Assistant				
AIDS Coordination	2	2	Analyst				
General Administration	4	2 1	Analyst Accountant	1	Clerk		
Total	17	12		4		1	
Percent of Total		70.1%		23.5%		5.9%	

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City. The only employee category in which staff are in relatively short supply is senior level management in the "specialist" category. It is assumed, however, that the necessary senior management – especially an additional Executive Director – can be supplied from within the department's current staff to ensure that both the Valley City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service.

Transfer of Equipment and Facilities

The Department on Disability has no specialized equipment and no department facilities are located in the Valley. Thus no specialized equipment or facilities would be transferred to a new Valley City.

Transition of Service to New City

The service provided by the department is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is assumed the City could transfer all required staffing and functionally operate the Department on Disability within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$1.2 million. As shown in the table below, the majority of department expenditures (roughly 79%) are for staff salaries. The "special" expenditure is for the department's AIDS Prevention Program.

CITY OF LOS ANGELES – DEPARTMENT ON DISABILITY USES OF FUNDS

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 981,135
Expenses	221,805
Equipment	0
Special	30,000
Interdepartmental Charges	332,152
Total Expenditures	\$ 1,241,822

In estimating expenditures for the Department on Disability in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with Department on Disability services is estimated to require 6 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Valley City department is estimated based on the proportion of budgeted employees transferred.

Contractual Services

The department currently has budgeted \$50,000 for a contracted Resource Developer. The Resource Developer is responsible for writing grant proposals, resource development, and fundraising on behalf of the department. The Resource Developer is expected to raise \$200,000 in state, federal, or other sources of funds.

The department contracts with several for-profit and non-profit agencies for the provision of service. The proportion of the budget that is expended on contracted services is small, totaling \$147,000 (\$88,500 and \$58,500 pending execution) in comparison to a \$1,241,822 budget. For the purposes of this analysis, it is assumed the new Valley City would require contractual services proportional to the number of the department staff that would transfer to the Valley City.

Projected Revenues

The City's Disability department has been historically funded primarily from the City's General Fund, and, to a much lesser extent, from CDBG funding. It is assumed that the special purpose revenue

would be transferred to the new Valley City based on the percentage shown on Table R-7 in Appendix II of this report.

Emergency Preparedness

The Emergency Preparedness Department coordinates and manages the City's emergency preparedness activities. This involves preparing and updating the City's emergency preparedness plans, including oversight and coordination of the individual plans prepared by various City departments. The department is also responsible for the operational readiness of the City's Emergency Operations Centers (EOC). Finally, the department assists the public in preparing for emergencies.

As of fiscal year 2000-01 the Emergency Preparedness Department is a new department of the City. Between 1996 and 1999, the department was a division of the Office of Administration and Research Services. The City of Los Angeles is now one of the nation's few cities to establish a department dedicated solely to preparing for emergencies.

Distribution of Service within City

All of the department's staff are located downtown in the City Hall East building at 200 N. Main Street. The department's primary Emergency Operations Center is located in the same building. Most of the department's critical equipment, such as computers and computer workstations, is also located in this facility. There are several alternative EOCs, generally placed within City Fire Stations, located throughout Los Angeles. One of the alternative EOCs – Fire Station 28 – is located in the proposed Valley special reorganization area. Most of the equipment is housed at 200 N. Main Street, but the department has several vehicles and mobile equipment and can operate at the alternative EOC facilities.

Proposed Apportionment

Based on the Applicant's proposal, the proposed apportionment seeks to have a new Valley City assume responsibility for the services the Valley currently receives from the Emergency Preparedness Department. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Valley, with the exception of staff from the department's Emergency Operations Center division, as it is assumed that this function would not transfer to the new Valley City; and (2) a proportionate share of the department's centralized administrative and operational equipment and other assets.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the proportion of workload and/or service needs in the Valley.

For fiscal year 2000-01 the Emergency Preparedness department has 11 budgeted positions. The department is divided into five divisions, the functions of which are described in the table below.

EMERGENCY PREPAREDNESS DEPARTMENT INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department oversight and management.
Planning/Administrative Services	Prepares City's emergency response plans and an annual report of the City's emergency readiness; prepares department's annual budget and provides administrative support.
Training	Coordinates Citywide emergency preparedness training.
Community Preparedness/Interagency Liaison	Coordinates department's community outreach efforts and maintains liaison activities with other public and private sector entities.
Emergency Operations Center	Ensures operational readiness of City and alternative EOCs.

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 2 positions provide services to the Valley. A special reorganization would thus result in 2 positions, or roughly 18.2% of the department's non-Commissioner staff, being transferred to the new Valley City.

EMERGENCY PREPAREDNESS DEPARTMENT ALLOCATION OF WORKLOAD AND PERSONNEL

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Population	4	1
Planning/Administrative Services	Population	4	1
Training	Staff availability	1	0
Community Preparedness/Interagency Liaison	Staff availability	1	0
Emergency Operations Center	Staff not transferred	1	0
Total		11	2

* Number of positions per division based on the 2000-01 organization chart. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

Positions in Management and Planning/Administrative Services divisions are allocated to the Valley based on population. This allocation is based on the assumption that the emergency preparedness is a direct service to residents and businesses of the City and population best measures the service needs in the Valley. The actual allocation of personnel to a Valley City is calculated by multiplying the number of positions in each division by the percentage of the City's population that resides in the Valley (35.31%).³⁰

For both the Training and Community Preparedness/Interagency Liaison divisions, no positions are apportioned to the Valley due to insufficient availability of staff.

Finally, as further discussed below (see "Emergency Preparedness - Proposed Apportionment - Transfer of Equipment and Facilities"), positions in the Emergency Operations Center are not

³⁰ This a 1998 population estimate made by the City of Los Angeles Planning Department.

assumed to transfer to the Valley City, as this function would not be provided by the proposed Valley City.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Emergency Preparedness Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 11 positions, roughly 72.7% are professional/technical, 18.2% are administrative/support, and 9.1% are, based on the City's description of positions, best characterized as specialists. Because the existing department has such a small number of positions, and because only 2 positions would be allocated to the new Valley City, it would not be possible for the Valley to achieve a roughly similar mix of skills and experience among the allocated department staff. Consequently, the allocation most likely to maximize the range of skills available to the new Valley City would consist of 2 professional/technical staff.

EMERGENCY PREPAREDNESS DEPARTMENT CURRENT COMPOSITION OF STAFF

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	4	1	A. Manager	2	Secretary	1	G. Manager
Planning & Administration	4	1	Analyst				
		3	Coordinator				
Training	1	1	Coordinator				
Community Preparedness/ Liaison	1	1	Coordinator				
Emergency Operations Center	1	1	Coordinator				
Total	11	8		2		1	
Percent of Total		72.7%		18.2%		9.1%	

Transfer of Equipment and Facilities

The EOC is equipped with at least 80 computer work stations, which are linked to the EOC Information Management System that connects to over 24 City "Department Operations Centers". The EOC is also equipped with two telephone systems (one dedicated for the EOC) that connect to over 100 City staff and facilities. This network allows City staff, each tasked with specific responsibilities (e.g., police, fire, DWP, and grants), to facilitate the coordination of City resources in the event of an emergency. The EOC phone system also includes satellite telephone lines, connecting the department to the state, as well as mobile satellite phones. Many of the EOC work stations are equipped with mobile radios that allow communications with the City's dedicated radio communications systems (police, fire, and 800 Mhz). The EOC is also equipped with 40 television monitors that can receive commercial as well as City closed-circuit broadcasts.

In the event of a special reorganization, a Valley City would require a separate operations center similar to the City's EOC, in order for the San Fernando Valley to maintain its current level of service. There does not appear to exist an opportunity for the Valley City to contract EOC services from the City of Los Angeles, as the EOC system is designed primarily to coordinate City resources. Any contracted service would require the segregation of the EOC into a City and non-City component,

which would require a redesign and reconfiguration of the existing facility. This may be more costly and time consuming than the construction of a separate Valley City facility.

If the Valley were to construct its own emergency operations center, it would best be served in terms of operational effectiveness by designing the system for its own unique needs and equipping the operations center new. Therefore, it may not be cost effective to divest the existing City EOC, and redesign a City EOC and Valley City EOC utilizing the department's existing set of equipment.

However, because the construction of a new Valley operations center is not included in the applicant's proposal, and does not appear to be a vital function for a new Valley City, it is assumed for the purposes of this analysis that the Valley City would not operate an independent emergency operations center with the functionality available from the City EOC. It is further assumed that the City would retain all assets at its existing EOC and would retain its mobile EOC.

Projected Expenditures

The special reorganization would result in the transfer of 2 positions, or 18.2% of total department staff, to the new Valley City. The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Projected Revenues

The department has been historically funded primarily from the City's General Fund and the Disaster Assistance Trust Fund. The sources of funding for the Disaster Assistance Trust Fund are primarily state and federal grants for aid related to the Northridge earthquake. It is assumed that the Valley City will support its own emergency preparedness department primarily from its general fund.

Employee Relations Board

The Employee Relations Board (ERB) deals with issues of employee-employer relations within City government. As the City department responsible for implementing the state law known as the Meyers-Milias-Brown Act, the ERB grants formal recognition to the organizations elected to represent City employees in negotiations with management.³¹ The ERB also investigates and determines the validity of claims of unfair practices made by management or employee organizations.

The ERB itself consists of five part-time members appointed by the Mayor and confirmed by the City Council.

Distribution of Service within City

All department staff are located downtown at 200 N. Main Street (City Hall East). Board meetings take place monthly and at other times at the discretion of the Board chairman.

Proposed Apportionment

An apportionment of the services provided by the Employee Relations Board could be accomplished by transferring a portion of department staff to the new Valley City. The method used to make this apportionment is described below.

Transfer of City Personnel

For fiscal year 2000-01 the Employee Relations Board has 8 budgeted positions, of which 5 are Commissioners. While not formally divided into divisions, the Board's staff can be placed in two categories, as listed in the table below.

EMPLOYEE RELATIONS BOARD INTERNAL DIVISION FUNCTIONS

<u>Division/Category</u>	<u>Function</u>
Management	Provide overall management and supervision.
Staff	Provides support for Board duties.

The ERB does not provide services to the public. It instead is an internal support department providing services to the management and employees of other City departments. As such, the Board does not provide service to specific geographic areas or on behalf of citizens in any specific region of the City. Apportioning staff to the new Valley City is therefore not a matter of determining the proportion of staff providing services to the Valley. Instead, positions are allocated to the Valley on the basis of the number of total City personnel that would transfer to the proposed Valley City. This allocation is calculated by multiplying the proportion of personnel citywide that would transfer to the Valley 24.9% by the number of positions in the department. On this basis, it is estimated that a special reorganization would result in 1 position, or 30.0% of the department's fiscal year 2000-01 staff, being transferred to the new Valley City.

³¹ California Government Code, Sections 3500-3510. The Meyers-Milias-Brown Act provides guidelines for the process of forming employee collective bargaining units and the conduct of employee-employer negotiations over wages and work rules.

**EMPLOYEE RELATIONS BOARD
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of citywide employees	1	0
Staff	Proportion of citywide employees	2	1
Total		3	1

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

Given that a single position cannot maintain the department's current level of services, it is assumed that the Valley City will hire 1 additional position to staff its department.

Transfer of Equipment and Facilities

The ERB has no special equipment or facilities to be transferred.

Transition of Service to New City

The service provided by the department is mostly self-contained, with only a small degree of integration of municipal service with other City departments. It is assumed the City could transfer all required staffing necessary for the Board to functionally operate within an 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The special reorganization would result in the transfer of one department position to the new Valley City, and it is assumed the Valley would hire an additional position. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are estimated as a percentage of total salary expenditures in 2000-01.

Projected Revenues

The City's General Fund has historically funded the department's entire budget. It is assumed that the Valley City would support its own Employees Relations Board entirely from its general fund.

Environmental Affairs

The Environmental Affairs Department was established by ordinance in June 1989 to centrally coordinate City efforts to address environmental issues. It focuses its activities on recommending environmental policies and programs to the Mayor and City Council, coordinating and securing funds and other resources to implement environmental programs overseeing and permitting solid waste facilities in the City. The department also coordinates the City's efforts to secure available grant monies by tying grant proposals to existing programs or proposing new programs in order to secure outside resources.

Distribution of Service within City

The department provides service to the community primarily through its Hazardous and Toxic Material Office and Water Resource Management Division. The Hazardous and Toxic Material Office in the department's Land and Materials Division offers outreach and pollution prevention services relating to sewage and stormwater discharge for businesses. The Water Resource Management Division serves residents of the City through a grant funded tree planting program, and a Gardens for Kids Program that provides community gardens in City schools.

The department also serves a support function for the City, coordinating the City's response to regulations of the Air Quality Management District, and serving as the state designated Local Enforcement Agency (LEA) responsible for the inspection and permitting of solid waste facilities. Pursuant to the California Integrated Solid Waste Management Act of 1989, a local governing body of a city, county, or a joint powers body may designate a single local agency to be its enforcement agency. The Local Enforcement Agency takes solid waste related complaints, conducts site visits, and issues solid waste permits for landfills and solid waste transfer stations. LEAs have the primary responsibility for ensuring the correct operation and closure of solid waste facilities in the state.

All department staff are located at downtown offices at 201 North Figueroa. Most of the direct services the department provides are administered through this downtown office. Some direct services provided by department staff, however, are carried out in areas across the City. Department staff that inspect solid waste facilities, for example, must travel to these facilities to carry out inspections.

Proposed Apportionment

Based on the Applicant's proposal, the proposed apportionment seeks to have the new Valley City assume responsibility for the services the Valley currently receives from the Environmental Affairs Department. Such an apportionment could be accomplished by transferring to the new Valley (1) those department staff that, as of fiscal year 2000-01, provide services to the Valley, with the exception of department personnel responsible for department's Local Enforcement Agency (LEA) function (see further discussion below); and (2) a proportionate share of the department's centralized administrative and operational equipment and other assets.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the proportion of workload and/or service needs in the Valley.

For fiscal year 2000-01 the department has 42 budgeted positions, of which 5 are Commissioners. The department is divided into five divisions, the functions of which are described in the table below.

DEPARTMENT OF ENVIRONMENTAL AFFAIRS INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department management and oversight.
Air Quality Management	Analyzes and responds to air quality mandates; coordinates City air quality efforts; advises the Mayor and Council on air quality issues.
Water Resources Management	Assists other departments with water resources issues; distributes publications and outreach materials through the Environmental Information Center.
Land and Materials Management	Provides information and assistance to businesses that deal with hazardous waste; permits and inspects solid waste facilities as the City's Local Enforcement Agency; provides policy analysis and proposals related to solid waste.
General Administration and Support	Responsible for budget, payroll, grant administration, and all other general administrative matters.

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 6 positions currently provide services to the Valley, excluding those positions associated with the LEA program. A special reorganization would thus result in 6 positions, or roughly 15.4% of the department's current staff, being transferred to the new Valley City.

DEPARTMENT OF ENVIRONMENTAL AFFAIRS ALLOCATION OF WORKLOAD AND PERSONNEL

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	4	1
Air Quality Management	Population	7	2
Water Resources Management	Population	4	1
Land and Materials Management	Population**	15	1
General Administration & Support	Proportion of employees	7	1
Total		37	6

* Number of positions per division based on the 2000-01 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

** Excludes positions within the Local Enforcement Agency section.

The methodology used to estimate the number of positions allocated to the Valley is as follows. Positions from the Air Quality Management Division are allocated to the Valley based on population. This allocation is calculated by multiplying the proportion of the City's residents residing in the Valley (35.31%) by the number of positions in that division. A primary function of this division is to administer the City's Mobile Source Air Pollution Reduction Trust Funds. These funds are provided to the City from the South Coast Air Quality Management District on the basis of the City's population. It therefore seems reasonable to assume that the proportion of this division providing services to the Valley is proportionate to the Valley's share of the City's overall population.

Positions in Water Resources Management Division also appear to serve a citywide function, and are allocated to the Valley proportional to population.

The Land and Materials Management Division includes the Hazardous & Toxic Materials, Local Enforcement Agency, and Policy and Program Analysis sections. No positions within the Local Enforcement Agency (LEA) section are allocated to the Valley. This allocation is made recognizing that it may require a significant period of time before the new Valley City can become a certified LEA. Certification would require a new Valley City to request such status by vote of the governing body, and demonstration that staff would be in place that meet state criteria and that funding for the program would be established. Because the approval by the state of a Valley City LEA is uncertain, it is assumed as part of this analysis that the Valley City would need to contract with the City, which is a certified agency. (The Valley City could also contract with the county or state to perform the LEA function.)

Finally, positions in the Management and General Administration and Support Divisions are allocated to the Valley based on the proportion of employees that would transfer to the new Valley City. Positions are allocated proportionate to the percentage of employees in all other divisions that would be allocated to the new Valley City.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Environmental Affairs Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 37 positions, roughly 73.0% are professional/technical, 13.5% are administrative/support, and 13.5% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the 6 positions allocated to the Valley would consist of the following categories of personnel: 4 professional/technical and 1 administrative/support position, and 1 specialist.

The department specialists (two Environmental Affairs Officers) are positions required by the state. Every LEA has at least one registered environmental health specialist on staff. This certification requires passing a State exam and completing prerequisite courses in public health. As discussed herein, it is assumed that the Valley City would not assume an LEA function, and thus no state certified positions would be transferred.

**DEPARTMENT OF ENVIRONMENTAL AFFAIRS
COMPOSITION OF STAFF**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	4	1	Officer ¹	1 1	Secretary Clerk	1	G. Manager
Air Quality Management	7	3 2 1	Supervisor Associate Analyst			1	Officer ¹
Water Resources Management	4	1 2	Supervisor Associate			1	Officer ¹
Land & Materials Management	15	1 4 6	P. Manager Supervisor Associate	1 1	Clerk Secretary	1 1	Officer ¹ Hygienist
General Administration & Support	7	4 2	Analyst Accountant	1	Clerk		
Total	37	27		5		5	
Percent of Total		73.0%		13.5%		13.5%	

¹ Refers to Environmental Affairs Officer

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City.

Transfer of Equipment and Facilities

Excluding any office space and basic office equipment needed for Valley staff to perform the administrative functions transferred to the Valley City, no department-specific specialized equipment or assets have been identified that would be required for the Valley City.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$2.8 million. As shown in the table below, the majority of department expenditures (roughly 89%) are for staff salaries.

**CITY OF LOS ANGELES –
ENVIRONMENTAL AFFAIRS DEPARTMENT
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 2,471,178
Expenses	264,402
Equipment	8,650
Interdepartmental Charges	40,748
Total Expenditures	\$ 2,784,978

In estimating expenditures for the Environmental Affairs Department in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of department services is estimated to require 6 positions throughout the entire planning period. An additional 1 position is assumed contracted from the City to perform the any required LEA-related services (see section "Contractual Services" below). The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred.

Contractual Services

The department currently contracts with several non-profit agencies for the provision of service. For fiscal year 2000-01, the department also plans to contract for five projects. The projects include the 2000 AQMP & Air Toxics, Cool Communities Streetscapes, Cultivating Communities, Planting Healthy School Routes, and the Hazardous & Toxic Materials projects.

The City's appropriations for contractual service in fiscal year 2000-01 (totaling \$208,000) are almost entirely grant-funded. Because the Valley City would not receive the same grant funding, it is assumed for the purposes of this analysis that the Valley City would not utilize contractors, and future appropriations for similar contractual services would be zero. As discussed above, however, this report assumes that the Valley will contract with the City of Los Angeles for services related to LEA program requirements. It is estimated that these contract services will cost the Valley the equivalent of 1 position. Given an average per-employee salary in the department of \$66,722,³² and an overhead ("CAP") rate of 63.7%,³³ the Valley's annual contract cost for these services is estimated to be \$109,313.

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Environmental Affairs Department in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department from the General Fund and from several other Special Funds. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – ENVIRONMENTAL AFFAIRS DEPARTMENT SOURCES OF FUNDS	
<u>Sources of Funds</u>	2000-01 Budget
City Funds:	
General Fund	\$ 1,601,960
Stormwater Pollution Abatement Fund	157,277
Mobile Source Air Pollution Reduction Fund	519,645
Sewer Construction and Maintenance Fund	319,133
Environmental Affairs Trust Fund	186,963
Total	\$ 2,784,978

³² Based on "City of Los Angeles Budget, Fiscal Year 2000-01."

³³ CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Environmental Affairs Department employees. The rate consists of the sum of the Fringe Benefit rate (17.96%), Central Services (22.02%), and Department Administration and Support (23.69%).

The Stormwater Pollution Abatement Fund provides funds from the City's Stormwater Pollution Abatement Charge. This charge is levied on all properties in the City and is based on stormwater runoff and pollutant loading associated with property size and land use. The Mobile Air Source Pollution Reduction Fund provides funds from an apportionment of a fee imposed on motor vehicle registration. The Sewer Construction and Maintenance Fund provides funding derived from sewer rates and charges. The Environmental Trust Fund provides funding from private agencies, citizens, and other governmental agencies for engineering, design, fire protection, acquiring rights of way, construction, and various other programs.

The new Valley City would receive the Mobile Air Source Pollution Reduction revenues, as this is apportioned by the State based on population. It is expected the Valley City Environmental Affairs department would need these funds to support future air quality management services and mandates. The Valley City may also receive monies from an Environmental Affairs Trust Fund, as the Valley City could continue to assess charges related to environmental mitigation for private and public projects. For the purposes of this analysis, it is assumed the Valley City would receive revenue for its own special purpose fund revenues according to the percentages shown on Table R-7 in Appendix II.

Because the Valley City is not assumed to own and operate the regional sewage system, no related sewer fees would be collected. Therefore, the Valley City's Environmental Affairs department would not receive revenue from a Valley City Sewer Construction and Maintenance Fund.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Environmental Affairs Department for fiscal year 2000-01. The Environmental Affairs Department in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund.

**DEPARTMENT OF ENVIRONMENTAL AFFAIRS
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other Licenses & Permits	\$ 535,000
Other State Grants/Agreements	0
Reimbursements from other Agencies	0
Engineering Fees Inspections Other Services	0
Quasi-External Transaction	115,000
Other Current Service Charges	0
Miscellaneous Revenues	40,000
Reimbursements from other Funds	326,523
 Total Environmental Affairs	 \$ 1,016,523

Ethics Commission

Los Angeles voters created the City Ethics Commission (CEC) in June 1990 by approving Proposition H. The Commission is tasked with the administration and enforcement of Charter provisions and City ordinances involving conflicts of interest, lobbying, and governmental ethics. The Commission audits relevant documents and investigates alleged violations relating to: campaign finance, limits on campaign contributions, governmental ethics, and conflicts of interest. It conducts educational programs on compliance requirements for City Officials and on the relationship between money and local politics to the general public. The CEC works to provide voters with information about local candidates and also administers the Whistle-blower Hotline by responding to calls and carrying out investigations of complaints.

In fiscal year 2000-001 the Ethics Commission expects to develop and implement an internet-based electronic filing system for lobbyist quarterly disclosure reports to assist lobbyists in complying with the law and providing faster public access to these reports. It is also attempting to improve compliance with the California Political Reform Act of 1974, which proscribes conflicts of interest for public officials. This project involves the development and implementation of an intranet-based filing index for the City's Financial Disclosure Program and Statements of Economic Interest.

Distribution of Service within the City

Many of the Commission's activities are the result of City policies and specific mandates set forth in the City Charter. As noted above, the Commission administers the City's compliance with the California Political Reform Act of 1974, which requires that all local government officials with decision-making responsibility annually disclose financial information through a "statement of economic interest." Currently, over 4,000 City of Los Angeles officials submit these statements to the CEC. The Commission provides all its services through its downtown offices located at 201 North Los Angeles Street. All Commission staff are also located in this downtown office.

Proposed Apportionment

Based on the applicant's proposal for special reorganization, it is assumed that the new Valley City will retain the existing structure of the department in order to comply with the provisions of Proposition H and the California Political Reform Act.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the potential demand for services provided in the Valley.

For fiscal year 2000-01 the Ethics Commission has 27 budgeted positions, of which 5 are Commissioners. The division consists of five divisions, the functions of which are described below:

CITY ETHICS COMMISSION INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department management and oversight.
Policy, Education & Advice	Performs analyses and develops policy recommendations regarding campaign finance, lobbying and governmental ethics; advises City officials and the public on governmental ethics laws.
Enforcement	Administers whistleblower program, investigates alleged violations of governmental ethics laws, and enforces City laws related to campaign finance, conflict of interest, and other ethics-related matters.
Audits & Compliance	Responsible for campaign finance and lobbying audit programs, administers and monitors the campaign disclosure requirements and filing obligations of officeholder and candidate controlled committees, and maintains and updates electronic campaign disclosure information.
Administration/Lobbying	Responsible for budget, payroll, grant administration, all other general administrative matters, administering the Lobbying Registration and Disclosure program, and, during election years, administering the City's Public Matching Funds Program.

As shown in the table below, it is estimated that a total of 6 personnel currently provide services to the Valley. A special reorganization would thus result in 6 positions, or roughly 27.3% of the department's current staff, being transferred to the new Valley City.

CITY ETHICS COMMISSION ALLOCATION OF WORKLOAD AND PERSONNEL

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of Employees	6	2
Policy, Education & Advice	Proportion of City Staff	3	1
Enforcement	Proportion of City Staff	3	1
Audits & Compliance	Proportion of City Staff	5	1
Administration/Lobbying	Proportion of Employees	5	1
Total		22	6

The methodology used to estimate the number of positions allocated to the Valley is as follows: Since the City Ethics Commission can be characterized as a City support service, positions in three of the divisions – Policy, Education & Advice, Enforcement, and Audits & Compliance – are allocated to the Valley based on a “proportion of City staff” basis, the total percentage of City staff transferred 24.9% to the Valley special reorganization area. Positions in the Management and Administrative/Lobbying Division are allocated to the Valley on a “proportion of employees” basis. Positions are allocated proportionate to the percentage of employees in all other department divisions that would be allocated to the new Valley City.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the City Ethics Commission do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 22 positions, roughly 72.7% are professional/technical, 22.7% are administrative/support, and 4.6 % are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Valley City, the 6 positions allocated to the Valley would consist of the following categories of personnel: 4 professional/technical, 1 administrative/support, and 1 specialist.

**CITY ETHICS COMMISSION
CURRENT COMPOSITION OF STAFF**

<u>Division</u>	<u>Total Positions</u>	<u>Professional/Technical</u>		<u>Administrative/Support</u>		<u>Specialists</u>	
		<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>	<u>No.</u>	<u>Type</u>
Management	6	4	Officer ¹	1	Secretary	1	Exec. Officer
Policy, Education & Advice	3	2	Analyst				
		1	Auditor				
Enforcement	3	2	Analyst	1	Clerk		
Audits & Compliance	5	5	Auditor				
Administration & Lobbying	5	2	Analyst	3	Clerk		
Total	22	16		5		1	
		72.7%		22.7%		4.6%	

¹ Refers to Ethics Officer

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City. The only employee category in which staff are in relatively short supply is senior level management in the "specialist" category. It is assumed, however, that the necessary senior management – specifically, an additional Executive Officer – can be supplied from within the department's current staff to ensure that both the Valley City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service.

Transfer of Equipment and Facilities

As proposed, the special reorganization would result only in a reallocation into new office space, because the CEC does not own assets with a value of over \$100,000.

Projected Expenditures

The special reorganization would result in the transfer of 27.3% of total department staff to the new city. The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Contractual Services

The department does not contract with non-profit agencies for the provision of services.

Projected Revenues

The department has been historically funded primarily from the City's City Ethics Commission Fund, to which appropriations are made from the City's General Fund. The CEC or its designee administers Ethics Fund, and all appropriations to finance any of the operations of the CEC are placed in the

Fund, from which salaries and other expenses of the CEC are paid. It is assumed that a similar funding structure will be used by the new Valley City, and that the necessary general fund revenues can be transferred to the Valley.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Ethics Commission for fiscal year 2000-01. The Commission in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund.

ETHICS COMMISSION GENERAL FUND DEPARTMENTAL RECEIPTS	
<u>Revenue Source</u>	2000-01 Budget
Other General Government Services	\$ 99,000
Other Fines	31,000
Miscellaneous Revenues	0
Reimbursement from other Funds	15,860
Miscellaneous Revenues	0
Total Ethics Commission	\$ 145,860

Finance

Established in July 2000, the Office of Finance performs financial functions previously carried out by several City departments. The department includes the City Treasurer, whose responsibilities include receiving, disbursing, and exercising custodianship over all City funds, investing City funds, and some debt management activities. The department is also the City's tax collector, responsible for collecting City revenues and enforcing City laws related to various taxes, fees and charges. A third broad area of department responsibilities is risk management and employee safety. These activities include analyzing the City's potential exposure to financial loss and assisting City departments in creating safer working conditions.

Distribution of Service within City

The activities of the Finance Department can be divided into two broad categories: (1) internal support involving no direct provision of services to the public; and (2) tax collection activities in which the department performs primarily enforcement functions but also provides certain direct services to the public.

The department's internal support activities include both its Treasury-related functions and its responsibilities related to risk management and employee safety. All these activities involve supporting the operations of the City as a whole (e.g., managing the City's investment portfolio) or of specific City departments (e.g., analyzing a department's exposure to financial risk). As such, these functions do not involve providing services to specific geographic areas or on behalf of citizens in specific regions of the City.

Unlike its internal support activities, the department's tax collection responsibilities involve enforcement functions as well as some direct services to the public. These responsibilities include enforcing compliance with City tax regulations through, for example, on-site inspections of businesses and the performance of taxpayer audits. These responsibilities also include issuing refunds for overpayment of taxes and the processing of requests for utility users tax exemptions. The department's tax collection activities are administered by personnel located in both a main downtown office (111 N. Hope Street, Los Angeles), and from several offices distributed across the City. There are 10 such distributed "Field" and "Branch" offices, one of which is located in the Valley (14401 Erwin Street, Van Nuys).³⁴

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Finance Department. Such an apportionment could be provided by transferring the following to the new valley City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Valley; (2) the Valley Office of the Tax and Permit Division, as well as a proportionate share of all the department's centralized equipment; and (3) a proportionate share of all City bond and other debt liabilities accounted for by the Finance Department, as well as a proportionate share of all City investment assets managed by the Finance Department.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the estimated workload and service needs in the Valley.

For fiscal year 2000-01 the department has 344 budgeted positions. The department is divided into six divisions, the functions of which are described in the table below.

³⁴ A "Field" office is an office from which staff are deployed to conduct on-site inspections and other enforcement activities. A "Branch" office has a public counter and provides direct services to the public. The department's Valley Office is a combined Field and Branch office.

**OFFICE OF FINANCE
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Responsible for overall department management and oversight.
Treasury	Receives, disburses, and exercises custodianship over all City funds, conducts the City's investment program, carries out select debt management functions, and provides internal accounting support
Risk Management & Safety	Analyzes City's potential exposure to financial loss; assists departments with employee safety issues.
Tax & Permit	Implements City Tax Ordinance, audits business and utility taxes, and collects taxes from businesses.
Administrative	Responsible for department budget, personnel, systems, and other administrative and support functions.
Revenue Management	Responsible for maximizing the City's revenue by improving City systems for billing, accounts receivable, and other revenue-producing activities.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 121 positions provide services to the Valley. A special reorganization would thus result in 121 positions, or roughly 35.2% of the department's staff, being transferred to the new Valley City.

**OFFICE OF FINANCE
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of employees	7	2
Treasury	Population	32	11
Risk Management & Safety	Proportion of employees	13	5
Tax & Permit	Population	282	100
Administrative	Proportion of employees	9	3
Revenue Management	Staff availability	1	0
Total		344	121

The methodology used to estimate the number of positions providing services to the Valley is as follows. For two divisions – the Treasury division and the Tax and Permit division -- the estimate is based on population. It is calculated by multiplying the proportion of the City residents residing in the Valley – 35.31%³⁵ -- by the number of positions in each division. Due to the citywide nature of each of these divisions' services, and because the department does not compile geographic workload indicators that show specifically where these divisions carry out their services, it is necessary to use a proxy measure to estimate the number of employees providing services to the Valley. The proxy measure deemed most appropriate is population.

For the Revenue Management division, given the lack of staff availability, no personnel would be transferred to the new Valley City. For the remaining divisions, the estimate of the number of

³⁵ This is the City of Los Angeles Planning Department's estimate of the Valley's proportion of overall City population in 1998.

positions providing services to the Valley is made on a “proportion of employees” basis. Positions are allocated in proportion to the percentage of employees in all other divisions that would be transferred to the new Valley City.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Finance Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department’s current 344 positions, roughly 54.7% are professional/technical. The professional/technical positions consist of Investment Officers, Management Analysts and Assistants, Accountants, Tax Auditors, and Systems Analysts. 42.7% are clerical/administrative/support. The category includes Clerks, Typists, and Delivery Drivers. Finally, roughly 2.6% of department staff are either upper management or highly specialized. Among these positions are the department’s Director and Assistant Director, Treasurer and Deputy Treasurer, and the Chief Tax and Permit positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 121 positions apportioned to the Valley would consist of the following: 65 professional/technical, 52 administrative/support, and 4 specialists/upper management. Given its current mix of staff among position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

OFFICE OF FINANCE COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	186	54.1%
Clerical/Administrative	147	42.7%
Management/Specialists	11	3.2%
Total	344	

As indicated above, the department appears to contain a sufficient number and mix of personnel to allow for a transfer of staff of the magnitude envisioned in the proposed apportionment. However, the department believes that the Treasury Division “employs only those staff necessary to meet current needs.” Consequently, according to the department, the current number and mix of staff in the Treasury Division staff would need to be duplicated in the new Valley City, while any positions transferred to the Valley would need to be replaced in the remaining City of Los Angeles.³⁶ Given that a special reorganization may not reduce workload levels in the Treasury Division, it is assumed in this analysis that minimum staffing in the Treasury Division, in the event of a special reorganization, would need to be at fiscal 2000-01 levels.

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. This would include: (1) the Valley Office of the Tax and Permit Division; and (2) a proportionate share of centrally located equipment and other assets.

³⁶ *Office of Finance Response to City Job Number 763*, p. 2. “The Treasury Division would have to be duplicated because the City employs only those staff necessary to meet current needs.”

The Valley Office of the Tax and Permit Division, located at 14401 Erwin Street, Van Nuys, would be transferred to the new Valley City as part of the proposed apportionment. This facility currently serves two functions for the department: as an office from which tax and audit personnel are deployed to enforce the City's tax regulations, and as an office with a public counter that citizens can visit directly to address City tax matters.

With respect to centrally located assets, the department utilizes several software applications and maintains databases for both overall financial administration and for tax collection and billing. One such application and database is the department's Tax and Permit System (TAPS), which contains the City's database of registered taxpayers.³⁷ It is generally assumed that the software and data the department uses can either be transferred directly to the new Valley City, or that the new Valley City can obtain these assets by entering into separate licensing agreements or other arrangements directly with software and data vendors.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$19.3 million. As shown in the table below, the majority of department expenditures (over 90%) are for staff salaries.

CITY OF LOS ANGELES – OFFICE OF FINANCE USES OF FUNDS	
<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 17,355,954
Expenses	1,207,076
Equipment	111,726
Interdepartmental Charges	606,708
Total Expenditures	\$ 19,281,464

In estimating expenditures for the Office of Finance in the new Valley City, it is assumed the Valley City would require 121 staff positions. It should be noted, however, that the City has asserted that it will likely need additional staff in the department's Treasury division.³⁸

Contractual Services

The department currently does not provide services through contracts with outside organizations, nor are any of its operations or programs funded by grants from outside agencies.

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Office of Finance in the new Valley City, focusing on the degree to which the

³⁷ The City is beginning the process of updating the TAPS system hardware and software to "TAPS 2000." The department expects to execute the contract for upgrading the system during fiscal year 2000-01, and the upgrade process is expected to last several years.

³⁸ Office of Finance Response to City Job Number 703, p. 3.

revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on limited use of two special purpose funds: the Sewer Construction and Maintenance Fund and the Anti-Smoking Fund. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – OFFICE OF FINANCE SOURCES OF FUNDS	
<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 18,716,911
Sewer Construction and Maintenance Fund (14)	514,953
Anti-Smoking Fund (29)	49,600
Total	\$ 19,281,464

As the table above indicates, the primary source of funds for the department is the City's General Fund, which contributes over 97% of the department's budget in fiscal year 2000-01.

Another source of funds for the department is the Sewer Construction and Maintenance Fund, which accounts for roughly 2.7% of the department's 2000-01 budget. The Fund gets most of its receipts from sewer service charges and other fees the City receives for providing sewage services. As discussed in section "- Wastewater System," it has been assumed in this fiscal analysis that the City would retain ownership and control of the City wastewater system.

The final source of funds for the department is the Anti-Smoking Fund, which supplies 0.25% of its 2000-01 budget. The Anti-Smoking Fund's receipts come from the "Mangini Settlement", a 1997 settlement with a major tobacco company under which the company agreed to pay \$1.5 million to the City of Los Angeles to fund anti-smoking advertising and education. It is assumed that these funds can be transferred to the new Valley City. The amount of Anti-Smoking Fund funding available to the Valley is estimated by applying the proportion of staff citywide transferred to the Valley City to the amount Anti-Smoking funds appropriated to the department in fiscal year 2000-01.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Finance Department in fiscal year 2000-01.

**FINANCE DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Quasi-External Transaction	\$ 1,272,001
Other Current Service Charges	65,000
Reimbursement from Other Funds	519,791
 Total Finance	 \$ 1,856,792

The department in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund. The amount of General Fund Departmental Receipts currently generated by the Valley, as well as other general fund receipts that would be contributed to the Valley City general fund, are discussed in section "Transfer of Revenue."

The Valley City general fund contribution to the new department is estimated to be that amount required to match total sources of funds with total department expenditures, after accounting for other funding sources.

Fire

The Fire Department performs several public safety functions. It is responsible for preventing and suppressing fires and for investigating their causes. The department also responds to medical emergencies, and performs search, rescue and other emergency operations. Finally, the department enforces regulations related to fire safety, underground storage tanks, and hazardous materials.

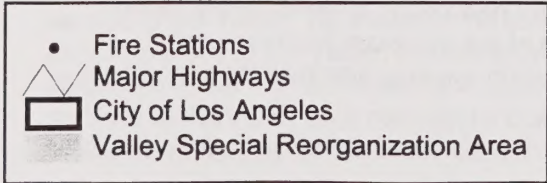
Distribution of Service within City

In describing where and how the Fire Department delivers services, it is useful to divide the department's activities into three categories: (1) direct services to the public in the form of fire fighting and life saving activities; (2) direct services to the public in the form of regulatory and enforcement activities; and (3) various intra-department technical and operations support functions.

The department's direct services include fire suppression, emergency medical services, and various emergency operations. Fire suppression activities consist of controlling and extinguishing fires. Emergency medical services consist of medical and/or paramedic treatment at the scene of accidents or illness and providing transportation to a medical facility. Emergency operations take several forms, such as physical rescues, major brush or high-rise fires, searches for lost individuals, and incidents involving hazardous materials.

To carry out these direct services, the department is divided geographically into three Divisions. Division 3 conforms closely to the boundaries of the Valley special reorganization area (see map below). Each Division is further divided into Battalions (either 5 or 6 per Division), with each Battalion consisting of between 5 to 8 fire stations. As shown on the map below, there are a total of 102 active fire stations located throughout the City. In addition to personnel, all firefighting and emergency medical services vehicles (e.g., engine trucks, aerial ladder trucks, and ambulances) are located at the fire stations. Also utilized in providing these direct services is Van Nuys Airport, which houses the department's Air Operations Unit and its fleet of 6 helicopters.

City of Los Angeles Fire Stations



As of fiscal year 2000-01, 35 fire stations – including 34 of those in Division 3 and one in Division 1 – are located within the Valley special reorganization area. Division 3 headquarters is Fire Station 88, located at 5101 N. Sepulveda Boulevard, Sherman Oaks. Also based at Fire Station 88 are the department's Urban Search and Rescue and Disaster Preparedness Units. (These assets are described in greater detail in the "Proposed Apportionment" section below.)

Another form of direct services the department provides is several regulatory and enforcement activities. These direct services, aimed primarily at preventing fires and other threats to public safety, include inspections to enforce fire safety regulations and the regulation of underground storage tanks and hazardous materials. These services also include arson investigation.

Most of the regulatory and enforcement activities are carried out by staff located at central offices in and near downtown Los Angeles, particularly at the department headquarters at 200 N. Main Street. However, two special units – the Brush Clearing Unit and the Fire and Safety Education Unit – are based at the department Division 3 headquarters in Sherman Oaks.

The third broad area of department activity is technical and operations support functions. These support functions include the following: training of new recruits and existing firefighters, equipment supply and maintenance, emergency dispatch, and information systems.

With respect to training, the department has two main training facilities. The primary facility is the Frank Hotchkin Memorial Training Center, located near downtown Los Angeles at 1700 Stadium Way. The Hotchkin Center provides all In-Service training for existing firefighters and some training of new recruits. It is also the base for several units within the department, such as the Quality Improvement Section and the Arson Investigation Section. The other training facility is the Valley Training Academy (also called "Drill Tower 89"), located at 7063 Laurel Canyon Boulevard, North Hollywood. This serves as the main training facility for new recruits; it lacks the necessary resources (e.g., enough classrooms) to serve as an In-Service training facility as well.

Supply and maintenance is another support function provided within the department. It consists of procuring and maintaining all the vehicles, equipment and supplies required by the department. All emergency medical supplies are stored at central offices located at 140 N. Avenue 19, Los Angeles. Most maintenance and repair takes place at these central offices as well, but some is carried out at the department's "Valley Shops" located at Division 3 headquarters (Fire Station 88 in Sherman Oaks). The Valley Shops provide light maintenance and repair services for department equipment and vehicles, and keep stores of some auto parts. For more extensive maintenance, such as painting emergency vehicles or repairs that require special lifting equipment for heavy vehicles, all vehicles and equipment are sent to the department's central maintenance facility.

A third support function relates to the department's communications systems, in particular the Fire Command and Control System II (FCCS II). The FCCS II system is a collection of hardware, software and communications networks that allows department personnel to communicate with each other and provides the ability to dispatch emergency resources. This system is administered from downtown offices at 200 N. Main, although the mobile FCCS II equipment is used by emergency services personnel in the field.

Management information systems (i.e., computers and computer networking systems) are a fourth support function provided within the department. This includes all the computer hardware and software that supports the department's operations. All information systems administration is carried out at downtown offices at 200 N. Main Street.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Fire Department. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01,

provide services to the Valley, with the exception of department personnel responsible for centralized information and communications systems. For those department staff that remain employees of the City of Los Angeles but provide services to the new Valley City, it is envisioned that these employees would perform this work under the terms of a contract agreement between the City of Los Angeles and the Valley City; (2) the 35 fire stations located within the Valley special reorganization area, as well as the vehicles and equipment assigned to these fire stations; and (3) a proportionate share of the centralized assets used to provide technical and operations support for the department, with the exception of centralized information and communications systems that cannot feasibly be transferred. For the centralized equipment that remain the property of the City of Los Angeles but continue to provide services to the new Valley City, it is envisioned that the Valley City would contract with the City of Los Angeles to continue these services.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Fire Department has 3,496 budgeted positions, ten of which are Commissioners. The department is divided into 7 divisions, the functions of which are described in the table below.

FIRE DEPARTMENT INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department management and oversight.
Operations	Directs the department's line functions, which includes Emergency Services, Fire Prevention and Public Safety, Support Services, and Human Services.
Emergency Services	Responsible for fire suppression & emergency medical care (i.e., Paramedic services).
Fire Prevention and Public Safety	Responsible for preventing fires, enforcing fire-related building regulations, and for ensuring the safety of certain public facilities (e.g., schools, churches).
Support Services	Provides technical and operations support services including computer systems, operations control dispatch (i.e., the "911" telephone system), and procurement and maintenance of equipment and supplies.
Human Services	Responsible for hiring and training new recruits, ongoing training and certification of firefighters, and for department-wide quality improvement.
Administrative Services	Responsible for internal administrative and clerical/support functions such as accounting, payroll, budgeting, graphics, brochures, and billing.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 1,078 positions provide service to the Valley, excluding positions that currently provide services to the Valley but, as discussed in more detail herein, are assumed to remain with the City of Los Angeles while providing services to the Valley on a contractual basis. A special reorganization would thus result in 1,078 positions, or roughly 30.9% of the department's staff, being transferred to the new Valley City.

**FIRE DEPARTMENT
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	31	10
Operations	Proportion of employees	14	5
Emergency Services	Location of employees; Proportion of employees	2,754	863
Fire Prevention & Public Safety	Location of employees; Proportion of employees	253	94
Support Services	Proportion of employees (Portion of employees not transferred)	244	45
Human Services	Proportion of employees	112	36
Administrative Services	Proportion of employees	78	25
Total		3,486	1,078

* Number of positions per division based on the 1999-00 organization chart and excludes ten Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For the Emergency Services Bureau, two groups of staff positions require separate apportionment methodologies. The first are those positions assigned to one of Emergency Services' three geographic Divisions. The apportionment method used for these positions is based on their geographic location: all positions stationed at fire stations located in the Valley special reorganization area would be apportioned to the Valley. This would consist of 34 stations in Division 3 and one station in Division 1. This consists of 854, or 31.3%, of the 2,725 positions assigned to Divisions.

A second group of positions in the Emergency Services Bureau are those not assigned to any of the Bureau's three Divisions. These consist of 29 positions either located in downtown offices or assigned to special units (e.g., Air Operations) that serve the entire City. For these positions, "proportion of employees" is the apportionment basis: it is calculated by multiplying the number of Valley-located positions as a percentage of positions in all Divisions (31.3%, as calculated above) by the number of positions not assigned to a Division (29). This totals 9 positions. These 9 positions are added to the 854 positions already apportioned, for a total of 863 Emergency Services Bureau positions apportioned to the new Valley City. The logic of this apportionment is that the Bureau's 29 centralized and special unit positions primarily support Division operations. Since 31.3% of all Division positions are located in the Valley, a reasonable estimate is that the same percentage of the Bureau's 29 non-Division positions provides services to the Valley.

Like Emergency Services, the Bureau of Fire Prevention and Public Safety also consists of two groups of positions that require separate apportionment methodologies. The first group consists of "distributed" positions, which are those assigned to units that serve a particular geographic area of the City.³⁹ As of fiscal year 1999-00, a total of 60 positions fall into this category. Of these positions, 22, or 36.7%, are located in the Valley. Because these 22 positions are located in the Valley, they are apportioned to the new Valley City.

The second group consists of positions either located in downtown offices or assigned to special units that serve the entire City. For these positions, "proportion of employees" is the apportionment basis: its is calculated by multiplying the number of Valley-based positions as a percentage of all "distributed"

³⁹ This includes the following units: Central Industrial, Harbor, West, Valley, West Public Assemblage, Central Public Assemblage, and Valley Public Safety.

positions (36.7%, as calculated above) by the number of positions either based in downtown offices or assigned to Citywide special units, which totals 72 positions. These 72 positions are added to the 22 positions already apportioned, for a total of 94 positions apportioned to the new Valley City. The logic of this apportionment is that the number of Valley-based positions as a percentage of all the Bureau's "distributed" positions provides a proxy measure of the degree to which the Bureau provides services to the Valley. Since 37.29% of all "distributed" positions are located in the Valley, this same percentage factor is applied to the Bureau's 193 positions located in downtown offices or assigned to citywide special units.

For the Support Services division, this report assumes that a portion of the positions in this division – specifically, those within the Management Information Systems group -- that currently provide services to the Valley will remain employees of the City of Los Angeles but continue to provide services to the Valley under the terms of a contractual agreement. This is because it is assumed in this report that, for both financial and technological reasons, the Valley City will initially contract for its major information and communications technology services with the City of Los Angeles. (See section "Transfer of Equipment and Facilities" below for a description of the Fire Department's major information/communications technology systems. See also chapter "Information Technology Agency" for a discussion of the proposal for providing the Valley City with information and communications technology services.)

For the remaining portion of the Support Services division and the department's other four departmental divisions – Management, Operations, Human Services, and Administrative Services – the number of positions providing service to the Valley is estimated based on the proportion of employees in the department's other divisions providing services to the Valley. These five divisions primarily support the activities of the department's two divisions that provide direct services to the public – the Emergency Services Bureau and the Bureau of Fire Prevention and Public Safety. Thus the proportion of employees in the Emergency Services Bureau and the Bureau of Fire Prevention and Public Safety providing services to the Valley provides a measure of the positions in the five support divisions providing services to the Valley

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Fire Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 3,486 non-Commissioner positions, roughly 91.7% are professional/technical. The professional/technical positions consist of all the department's Fire Fighters and Fire Captains, systems analysts, specialists in various trades (e.g., automotive mechanics, and electricians), Management Analysts, and Accountants. The clerical/administrative category comprises 5.7% of department staff. It includes Typists, Secretaries, various Aides, and other clerical staff. Finally, roughly 2.6% of department staff are either upper management or highly specialized. Among these positions are those designated "Chief" (e.g., Fire Chief, Chief Management Analyst, Deputy and Assistant Chiefs, and Battalion Chiefs). This category also includes the Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 1,078 positions apportioned to the Valley would consist of the following: 989 professional/technical, 61 clerical/administrative, and 28 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

**FIRE DEPARTMENT
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>% of Total</u>
Professional/Technical	3,197	91.7%
Clerical/Administrative	199	5.7%
Management/Specialists	91	2.6%
Total	3,486	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also generally include transferring a proportionate share of centrally located equipment and other assets to the new Valley City, with the exception of certain asset categories discussed below.

Given these general criteria, the proposed apportionment would include the following specific assets: (1) the 34 fire stations located in the Valley special reorganization area, including the assets deployed at those fire stations; (2) the Valley Training Academy in North Hollywood; and (3) certain vehicles and equipment used in the department's special units, such as Air Operations.

With respect to fire stations, the table below shows the fire stations located in the Valley. The table lists 34 of the 36 active fire stations in Emergency Services Division 3 and one station (Fire Station 76) in Division 1. The 35 fire stations apportioned to the Valley account for roughly 34.3% of the department's 102 active fire stations Citywide as of fiscal year 2000-01. The two fire stations in Division 3 not apportioned to the Valley are Stations 108 and 109. These stations are not transferred because they are located south of Mulholland Drive and therefore not within the Valley special reorganization area.

In addition to the 35 fire stations themselves, all of the resources based at these stations as of fiscal year 2000-01 are also apportioned to the new Valley City. As shown in the table below, each fire station has various combinations of fire fighting and emergency life saving vehicles and equipment, such as engines, task forces, and rescue ambulances.

**FIRE DEPARTMENT
FIRE STATIONS LOCATED IN THE VALLEY**

<u>Fire Station # and Resources*</u>	<u>Fire Station Address</u>	<u>Fire Station # and Resources*</u>	<u>Fire Station Address</u>
8 (E)	11351 Tampa Ave, Northridge	87 (E)	10241 Balboa Blvd, Northridge
18 (E)	12050 Balboa Blvd, Granada Hills	88 (TF, RA, UR, AC)	5101 N. Sepulveda Blvd, Sherman Oaks
24 (E)	9411 Wentworth St, Sunland	89 (TF, RA)	7063 Laurel Cyn. Blvd, N. Hollywood
28 (TF, RA)	11641 Corbin Ave, Northridge	90 (TF, RA)	7921 Woodley Ave, Van Nuys
39 (TF, RA, SQ, BC)	14415 Sylvan St, Van Nuys	91 (E)	14430 Polk St, Sylmar
60 (TF, RA, RA, BC)	5320 Tujunga Ave, N. Hollywood	93 (TF, RA)	19059 Ventura Blvd, Tarzana
70 (TF, RA, BC)	9861 Reseda Blvd, Northridge	96 (TF)	21800 Marilla St, Chatsworth
72 (TF, RA, RA, BC)	6811 DeSoto Ave, Canoga Park	97 (E)	8021 Mulholland Dr, Los Angeles
73 (TF)	7419 Reseda Blvd, Reseda	98 (TF, RA, RA, BC)	13035 Van Nuys Blvd, Pacoima
74 (TF, RA)	7777 Foothill Blvd, Tujunga	99 (E, S)	14145 Mulholland Dr, Los Angeles
75 (TF, RA)	15345 San Fernando Rd, M. Hills	100 (E, S)	6751 Louise Ave, Van Nuys
76 (PAE)	3111 N. Cahuenga Blvd, L.A.	102 (LF, RA)	13200 Burbank Blvd, Van Nuys
77 (E)	8943 Glenoaks Blvd, Sun Valley	103 (E)	18143 Parthenia St, Northridge
78 (E)	4320 Coldwater Cyn. Ave, Stu. City	104 (E, RA)	8349 Winnetka Ave, Canoga Park
81 (E, RA)	14123 Nordhoff St., Arieta	105 (TF)	6345 Fallbrook Ave, Woodland Hills
83 (E)	5001 Balboa Blvd, Encino	106 (E)	23004 Roscoe Blvd, West Hills
84 (E)	5340 Canoga Ave, Woodland Hills	107 (E)	20225 Devonshire St, Chatsworth
86 (E, S)	4305 Vineland Ave, N. Hollywood		

*** Resources Legend**

AC = Command Post—Community Activity Resource
 BC = Brush Control
 E = Engine
 LF = Light Force
 PAE = Paramedic Assessment Engine

RA = Rescue Ambulance
 SQ = Hazardous Materials Squad
 TF = Task Force
 UR = Urban Search & Rescue

The proposed apportionment also includes transferring to the new Valley City the Valley Training Academy (also called “Drill Tower 89”), located at 7063 Laurel Canyon Boulevard, North Hollywood. The Valley Academy currently serves as the department’s main training facility for new recruits. The facility lacks, however, the necessary resources (e.g., sufficient classroom space) to serve as an In-Service training facility as well. For In-Service training, the department utilizes the Frank Hotchkin Memorial Training Center, located near downtown Los Angeles at 1700 Stadium Way. For the purposes of this report, it is assumed that a new Valley and the City of Los Angeles will form an agreement to share these training facilities with one another on as needed basis. It is also assumed that the costs of providing services under these reciprocal agreements will be substantially equal for both parties, thus obviating the need to account for these agreements in this report’s analysis of contractual service costs.

A third category of assets subject to the proposed apportionment is assets associated with some of the department’s “special units.” Two such units and types of assets are based in the Valley. The first is the department’s fleet of six helicopters. The fleet is based at Van Nuys Airport and is involved in activities such as water dropping, air ambulance, and earthquake reconnaissance. Given that the

helicopters provide service in all regions of the City, an apportionment based on location is not appropriate. A more appropriate apportionment method is to apply as a factor the percentage of personnel allocated to the new Valley City, as calculated above. Applying this factor (31.2%) would result in two helicopters being apportioned to the new Valley City.

The other special unit based in the Valley that utilizes major assets is the department's Brush Clearance Unit. This unit includes a Tractor Company located at Fire Station 88 (5101 N. Sepulveda Blvd., Sherman Oaks). The special assets in this Company include tractors, tractor transport vehicles, and tractor-trailers. Given that these assets provide service in all regions of the City, an apportionment based on location is not appropriate. A more appropriate apportionment method is to apply as a factor the percentage of personnel allocated to the new Valley City, as calculated above. Applying this factor (30.9%) would result in roughly one-third of these assets being apportioned to the new Valley City.

A fourth category of assets subject to the proposed apportionment is the hardware and software used for the department's information and communications systems. The most significant of these is the Fire Command and Control System II (FCCS II). The FCCS II system consists of three elements: the FCCS II application, a broader communications infrastructure, and the 9-1-1-telephone dispatch system. The FCCS II application is a combination of software and communications networks customized for use by the Los Angeles Fire Department. The broader communications infrastructure utilizes various kinds of hardware, networking, and communications technology shared with the Police Department and other City departments. Several main components of this infrastructure are centralized at the City Hall's Communications Services Center. The final element of the FCCS II systems is the 9-1-1-telephone dispatch system. All of the FCCS II call handling and dispatching takes place in the City's downtown dispatch center.

The FCCS II system is administered from downtown offices at 200 N. Main, although the mobile FCCS II equipment is used by emergency services personnel in the field. The portable components of the FCCS II system include, as of fiscal year 2000-01, 2,070 portable hand-held radios, 1,400 mobile radios, and 630 mobile data terminals.

As is discussed in detail in the chapter "Information Technology Agency", in many cases it is not financially or technologically feasible to divide these integrated, highly customized information and communications systems into separate systems that both the Valley City and the City of Los Angeles could operate independently. For this reason, this report assumes that the City of Los Angeles will provide the Valley City with the necessary information and communications technology services under the terms of a contractual agreement. It is assumed, however, that the portable hardware components of the FCCS II would be apportioned to the new Valley City as part of the equipment inventory existing at the 35 fire stations located in the Valley.

Transition of Service to New City

A key concern in the transfer of Fire Department services to the new Valley City is to ensure that the transition process is conducted in a manner that poses no increased risks to public safety in either the Valley or the remaining City of Los Angeles. At least two transition issues should be addressed: (1) maintenance of existing agreements to provide services to areas outside the City of Los Angeles; and (2) analysis on how the transfer of department services to the new Valley City would affect key performance measures, such as response times to incidents.

One transition issue relates to existing agreements under which the City of Los Angeles provides fire protection and emergency medical services to the City of San Fernando and to the Bell Canyon portion of Ventura County. Given the Valley's geographic proximity to these two areas, it is assumed that a special reorganization will result in the new Valley City providing these services to these areas under similar contractual agreements.

A second transition issue is the need to analyze the potential impact of a transition period on the level of service provided in the Valley and the remaining City of Los Angeles. Depending on the nature of the transition of services to the new Valley City (e.g., whether the Valley contracted for services for a certain period of time, or whether the Valley attempted to provide fire department services immediately through a newly constituted "Valley City Fire Department"), it is critical that careful analysis be conducted on how the transition would affect public safety. One example of a critical issue for study would be the effect of the transition on the department's response times to incidents.

Assuming these issues are addressed, it is assumed that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable.

Projected Expenditures

The department's projected expenditures for fiscal year 2000-01 are roughly \$360.7 million. As shown in the table below, the majority of department expenditures (roughly 91%) are for staff salaries.

CITY OF LOS ANGELES – FIRE DEPARTMENT USES OF FUNDS

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 327,699,868
Expenses	16,158,356
Equipment	1,242,240
Interdepartmental Charges	15,552,919
Total Expenditures	\$ 360,653,383

In estimating expenditures, it is assumed the Valley City Fire Department will require 1,078 positions throughout the entire planning period.

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is roughly \$1.8 million. The services contracted for include stress management, emergency medical advisor services, and various other services. It is assumed that the new city's Fire Department will require similar contract services, and that these costs can be estimated based on the proportion of department staff being transferred to the Valley (30.9%, as calculated above).

In addition, this report assumes that the Valley will contract with the City of Los Angeles for information technology services. It is estimated that these contract services will cost the Valley the equivalent of 33 Fire Department positions, of which 25 are sworn personnel and 8 are civilians. Using the average per-employee salary in the department (including overtime), and an overhead ("CAP") rate of 94.75% for civilians and 62.2% for sworn positions,⁴⁰ the Valley's annual contract cost for these services is estimated to be \$5.3 million.

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Fire Department in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

⁴⁰ CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Fire Department employees. The rate consists of the sum of the Fringe Benefit rate (24.20% civilian, 34.11% sworn), Central Services (17.42% civilian, 18.72% sworn), and Department Administration and Support (53.13% civilian, 9.39% sworn).

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – FIRE DEPARTMENT SOURCES OF FUNDS	
<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 353,987,132
Local Public Safety Fund (17)	6,000,000
Proposition C Anti-Gridlock Transit Fund (27)	185,551
Fire Hydrant Install Fund (29)	480,700
Total	\$ 360,653,383

It is assumed that each of the revenue sources above could be transferred to the new Valley City based on the revenue allocation percentages listed on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Fire Department in fiscal year 2000-01. The Fire Department in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund. It is therefore assumed that that these revenues could be apportioned to the new Valley City based on the percentage shown in Table R-6 in Appendix II.

**FIRE DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Assessments	\$ 1,521,005
Other Licenses and Permits	1,600,000
State Mandated Program Reimbursements	0
Reimbursements from other Agencies	50,000
Revenue from other Agencies	0
Other General Government Services	500
Special Fire Department Services	5,290,000
Plan Checking Fees	150,000
Special Fire Department Services	5,565,000
Engineering Fees Inspection other Services	420,000
Weed and Cleaning	245,322
First Aid and Ambulance Service Charge	28,982,284
Quasi-External Transaction	23,815,957
Special Fire Department Services	0
Miscellaneous Revenues	228,942
Reimbursements from other Funds	0
Other Financing Sources	0
Special	297,060
Total Fire	\$ 68,166,070

General Services

The Department of General Services provides services that support the operations of other City departments. Its activities fall into five broad categories: (1) repair and maintenance of the City's vehicle fleet; (2) day-to-day building services, such as custodial, security, and inter-office mail and messenger services; (3) property management and construction-related activities; (4) management of City inventories and the purchasing of equipment and supplies for City departments; and (5) printing and publishing services.

Distribution of Service within City

As indicated above, the department provides no direct services to the public. It instead serves the public indirectly by providing services to other City departments. It provides these services from 21 separate office locations throughout Los Angeles. The department also manages 72 warehouses and stock rooms at which City supplies and equipment are stored. Department headquarters is located at 111 E. First Street (City Hall South), and centralized program and administrative support staff are located both at the headquarters and at several City offices in downtown Los Angeles.

The department's responsibilities related to the City's vehicle fleet include the repair and maintenance of roughly 9,000 pieces of equipment and vehicles operated by the City's non-proprietary departments, excluding the Police and Fire Departments. The vehicles maintained include automobiles, trucks, helicopters, and special purpose equipment. Additional responsibilities include ongoing fleet reengineering efforts, which consist of developing ways to better utilize the City's fleet, consolidating and automating the City's fuel sites, and both upgrading and removing the City's underground storage tanks. The City's fleet repair and maintenance facilities are located in 13 locations across Los Angeles, 7 of which are within the Valley special reorganization area. (A complete description of the fleet facilities in the Valley appears in the "Proposed Apportionment" section below.)

In addition to fleet services, the department also provides several day-to-day building services for all City departments, excluding the proprietary departments and the Department of Recreation and Parks. These services include mail/messenger services, custodial and recycling services, parking management, and security services. The department provides most of these services only to City-owned facilities; services to the facilities the City leases are generally the responsibility of the building owner. As of fiscal year 2000-01, the department provides at least some services to 842 buildings and structures citywide, of which 164, or 19.5%, are located in the Valley.

A third broad area of department activities is property management and several facility construction functions. The department manages the City's real estate assets, and, in conjunction with City departments, determines facilities needs and site locations. The department also carries out numerous functions related to the construction of City buildings and structures. This includes providing laborers from various trades (e.g., plumbers, carpenters) to construct City facilities. It also includes providing repairs and alterations to facilities, and the upkeep of these facilities' major systems and equipment (e.g., elevators, electrical systems). The department's property management personnel are located in downtown offices at 111 E. First Street. Personnel involved in construction-related activities are located both in downtown offices and in department offices in several regions of the City; in the Valley, construction-related personnel are based in the department's North District office at 14832 Raymer Street, Van Nuys.

A fourth group of services the department provides is the purchasing of supplies and equipment for other City departments and the management of City inventories. This includes overseeing the City's 72 warehouses and stock rooms, 12 of which are located in the Valley special reorganization area. (A list of the warehouses located in the Valley appears in the "Proposed Apportionment" section below.) Department staff involved in purchasing and inventory management are located at department headquarters, at Piper Technical Center in downtown Los Angeles (555 Ramirez Street), and at the Hyperion waste management facility located at 12000 Vista Del Mar, Playa Del Rey.

A final area of department activities is printing and publishing services. This consists of providing other City departments with services such as document duplicating, specialized graphics, and business card ordering. All printing and publishing personnel are located at Piper Technical Center.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Department of General Services. Such an apportionment could be accomplished by apportioning to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; (2) those vehicles that provide services to the Valley that are part of the vehicle fleet maintained by the department; (3) all department facilities located in the Valley, as well as the equipment and other assets located at those facilities; and (4) a proportionate share of the centralized assets used to provide direct administrative support for the department.

Transfer of City Personnel

In order to estimate the number of department staff providing services in the Valley, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Valley can be estimated based on the current location of staff as well as the potential demand for services provided in the Valley.

For fiscal year 2000-01 the Department of General Services has 1,673 budgeted positions. The department is divided into 18 divisions, the functions of which are described in the table below.

DEPARTMENT OF GENERAL SERVICES

INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Responsible for overall department management and oversight.
Fleet Re-engineering	Responsible for improving City's utilization of vehicles and equipment, and for improving the City's fuel delivery infrastructure.
Fleet Services	Manages the vehicle fleet (e.g., autos, trucks, helicopters, special equipment) for Council-controlled departments, excluding Fire and Police; designs and modifies special mobile equipment.
Standards	Tests materials for quality control and provides engineering services such as testing for soil and groundwater contamination.
Asset Management	Maintains inventory of City's real property assets and develops facilities needs plans.
Construction Forces	Provide technical expertise and labor for City construction projects and building renovations.
Building (Craft) Maintenance	Maintains and repairs all public buildings and surplus properties under Council control excluding Convention Center.
Supply (Purchasing/Materials) Management	Purchases equipment, materials, supplies and services for City departments; manage procurement and logistics agreements with City vendors for the department's purchasing, contracting, and warehousing functions.
Publishing Services	Provides printing, binding and graphics services to City departments.
Accounting Services	Responsible for accounting for the department's budgetary expenditures, payroll, and chargebacks.
Finance & Special Operations	Prepares and monitors department budget; coordinates efforts of City departments for special events/projects (e.g., visiting dignitaries).
Personnel Services	Responsible for department-wide personnel issues including discipline, employee relations, and personnel processing.
Management Information Services	Develops, maintains and supports the department's information technology systems.
Mail and Messenger Services	Processes and delivers inter-office correspondence.
Facilities Recycling	Implements the City's recycling program.
Parking Services	Operates the City's employee and commercial parking facilities, enforces parking regulations, and provides special services such car wash and maintenance.
Custodial Services	Responsible for trash removal, vacuuming, floor washing and other custodial services in all City buildings.
Security Services	Provides security for City facilities and public buildings.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 407 positions, or 24.3% of all departmental staff, provide service to the Valley.

**DEPARTMENT OF GENERAL SERVICES
ALLOCATION OF WOKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of employees	10	2
Fleet Re-engineering	Location of employees	14	5
Fleet Services	Location of employees	495	164
Standards	Location of City-owned structures	109	22
Asset Management	Location of City structures (leased and owned)	33	6
Construction Forces	Staff availability	2	0
Building (Craft) Maintenance	Location of City-owned structures	192	39
Supply (Purchasing/Materials) Management	Location of City structures (leased and owned)	285	56
Publishing Services	Proportion of employees	40	10
Accounting Services	Proportion of employees	42	10
Finance/Special Operations	Proportion of employees	13	3
Personnel Services	Proportion of employees	16	4
Management Information Systems	Proportion of employees	15	4
Mail and Messenger Services	Location of City structures (leased and owned)	33	6
Facilities Recycling	Location of City-owned structures	20	4
Parking Services	Location of City-owned parking facilities	19	4
Custodial Services	Location of City-owned structures	260	53
Security Services	Location of City-owned structures	75	15
Total		1,673	407

The methodology used to estimate the number of positions providing service to the Valley is as follows. For five divisions – Standards, Building Maintenance, Facilities Recycling, Custodial Services, and Security Services – positions are assumed to provide service to the Valley based on the location of City-owned buildings maintained by the Department of General Services. Analysis of City data indicates that of a total of 656 buildings owned by the City and maintained by the department, 132, or 20.1%, are located in the Valley. Thus 20.1% of the positions in these five divisions are estimated to be providing services to the Valley. The logic of this apportionment is that since employees in these divisions provide various services (e.g., custodial, security, routine physical maintenance) to City-owned buildings, the proportion of City-owned buildings in the Valley provides a reasonable estimate of the number of positions serving the Valley.

Three divisions – Asset Management, Supplies (i.e., Purchasing/Materials Management), and Mail and Messenger Services –are assumed to provide service to the Valley based on the location of all City buildings (both owned and leased) maintained by the department. Analysis of City data indicates that of a total of 842 buildings either owned or leased by the department and maintained by the

department, 164, or 19.5%, are located in the Valley.⁴¹ Thus 19.5% of the positions in these three divisions are estimated to be providing services to the Valley. The logic of this apportionment is that since employees in these divisions provide various services (e.g., mail and facilities recycling) to both City-owned and City-leased buildings, the proportion of all City buildings in the Valley provides a reasonable estimate of the number of positions serving the Valley.

Both of the department fleet-related divisions – Fleet Services and Fleet Re-engineering – are assumed to provide service to the Valley based on the location of employees in the Fleet Services division. Fleet Services is responsible for managing and maintaining most of the City's vehicle fleet. The division has vehicle maintenance facilities citywide, and it is assumed in this analysis that the City's fleet vehicles are maintained at facilities within the region they serve. Given this assumption, it is estimated that all positions located in the Valley, 164 (or 33.1%) of the division's 495 positions, are primarily maintaining vehicles that provide services to the Valley. This same proportion (33.1%) is applied to apportion positions in the Fleet Re-engineering division, resulting in the transfer of 5 of the division's 14 positions to the new Valley City.

For the Parking Services division, positions are assumed to provide service to the Valley based on the proportion of all City-owned off-street parking lots that are located in the Valley. City data indicate that 25 of the City's 115 off-street parking lots, or 21.7%, are located in the Valley. Because the Parking Services division provides services to City-owned parking lots, it is estimated that the proportion of these lots located in the Valley indicates the proportion of positions providing services to the Valley.

For the remaining divisions within the department – Management, Publishing Services, Accounting, Finance and Special Operations, Personnel, and Management Information Systems – the number of positions providing service to the Valley is estimated based on the proportion of employees in all of the department's other divisions providing services to the Valley.

General Service has also budgeted for a large number of "as needed" positions for fiscal year 2000-01. It has been assumed for the purposes of this fiscal analysis that the Valley City would also utilize "as needed" positions, and would incur a cost in proportion to the amount of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of General Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 1,673 positions, roughly 52.3% are professional/technical. The professional/technical positions consist of Analysts, Accountants, Engineers and Engineer Associates, skilled tradespersons (e.g., plumbers, welders, mechanics) and various information systems personnel. The administrative/support category comprises roughly 46.6% of department staff. It includes Clerks, Laborers and Workers, Delivery Drivers, and other support personnel. Finally, roughly 1.1% of department staff are either upper management or highly specialized. These consist of General Managers, Assistant General managers, and various "Chief" positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 407 positions apportioned to the Valley would consist of the following: 212 professional/technical, 190 administrative/support, and 5 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

⁴¹ The 842 buildings citywide consist of 656 City-owned buildings and 186 City-leased buildings. Of the leased buildings, 32, or 17.2%, are located in the Valley.

**DEPARTMENT OF GENERAL SERVICES
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	875	52.3%
Clerical/Administrative	780	46.6%
Management/Specialists	18	1.1%
Total	1,673	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used or maintained by the department that provide services to the Valley. This would generally include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also generally include transferring a proportionate share of centrally located equipment and other assets to the new Valley City.

Given these general criteria, the proposed apportionment would include the following specific assets: (1) the fleet vehicle maintenance and repair facilities located in the Valley; (2) the 12 warehouse/storage facilities operated by the department that are located in the Valley; and (3) a proportionate share of the department's information systems.

The department manages the maintenance and repair of most of the City's vehicle fleet.⁴² Maintenance and repair facilities are located citywide, and all those facilities located in the Valley are listed in the table below. With the exception of the Van Nuys Heliport,⁴³ all the facilities listed below would be apportioned to the new Valley City.

**DEPARTMENT OF GENERAL SERVICES
FLEET MAINTENANCE FACILITIES LOCATED IN THE VALLEY**

<u>Name of Facility</u>	<u>Facility Address</u>	<u>Type of Vehicles/Equipment Maintained</u>
West Valley Refuse Repair	8840 Vanalden Ave., Northridge	Refuse vehicles and street sweepers
East Valley Refuse Repair	9701 San Fernando Rd., Sun Valley	Refuse collection trucks
North Hollywood Facility	12201 Sherman Way, North Hollywood	Construction equipment, street sweepers, medium-duty and light-duty trucks; also provides specialized welding and machine shop services
Valley Center	14832 ½ Raymer St., Van Nuys	Passenger cars and light trucks
Valley Parking Enforcement	8431 Telfair Ave., Sun Valley (leased facility)	Parking enforcement vehicles
Lopez Canyon	11950 Lopez Canyon, Lake View Terrace	Landfill equipment
Van Nuys Heliport	8060 Balboa Blvd., Van Nuys	Aircraft used by Departments of Police, Fire, Water and Power

⁴² The department maintains the vehicle fleet for all Council-controlled departments, excluding the Departments of Fire and Police.

⁴³ The Van Nuys heliport is located at Van Nuys Airport. There are several issues related to any potential transfer of Van Nuys Airport to the new Valley City (e.g., federal approval of such a transfer), and these issues are discussed elsewhere in this report.

A potential issue related to vehicle fleet repair and maintenance facilities is that several facilities located outside the Valley provide specialized services that no other facility provides. A list of such facilities appears in the table below. Were a special reorganization to occur, it is possible that the new Valley City would need to modify and/or furnish new facilities and equipment in order to have the capacity to provide a full range of maintenance and repair services for its vehicle fleet. It is therefore assumed that the City of Los Angeles could provide specialized vehicle repair and maintenance services to the Valley on a contractual or as needed basis.

DEPARTMENT OF GENERAL SERVICES
SPECIALIZED FLEET MAINTENANCE FACILITIES NOT LOCATED IN THE VALLEY

<u>Name of Facility</u>	<u>Facility Address</u>	<u>Type of Services Performed</u>
24 th Street Refuse Repair Facility	2413 E. 24 th Street, Los Angeles	Major repairs, bodywork and specialized component rebuilds for all City refuse collection vehicles.
Aerial Shop	452 San Fernando Road, Los Angeles	Maintains, repairs and tests aerial lift equipment.
7 th Street Tire Shop	2300 E. 7 th Street, Los Angeles	Installs, maintains and repairs tires used on vehicles and equipment Citywide.

Another category of assets subject to the proposed apportionment consists of the warehouses and other storage facilities operated by the department. As of fiscal year 2000-01, the department oversees 72 such facilities citywide; 8 of these facilities are located in the Valley. With the exception of the Heliport, each facility listed below is assumed apportioned to the proposed Valley City.

DEPARTMENT OF GENERAL SERVICES
WAREHOUSE LOCATIONS

<u>Location Name</u>	<u>Address</u>
Valley Center – Fleet	14832 Raymer St., Van Nuys 91405
West Valley – Fleet	8840 Vanalden Ave., Northridge 91362
East Valley – Fleet	9701 San Fernando Rd., Sun Valley 91362
North Hollywood – Fleet	12201 Sherman Way, North Hollywood, 91351
Heliport – Fleet	8060 Balboa Blvd., Van Nuys, 91406
Lopez Canyon – Fleet	11950 Lopez Canyon Rd., Lakeview Terrace, 91342
LAPD Valley MTD	6171 Tyrone Ave., Van Nuys, 91401
Fire Dept. – Valley	5101 Sepulveda Blvd., Sherman Oaks 91403

A third category of assets is the software and databases that are part of the department's information systems. A list of these key software applications and databases appears in the table below.

**DEPARTMENT OF GENERAL SERVICES
KEY SOFTWARE APPLICATIONS/DATABASES**

<u>Name</u>	<u>Description</u>
Asset Management System	Database listing all City real estate properties (both owned and leased properties)
Vehicle Management System	Database of all City fleet vehicles maintained by the Department of General Services
PRIMA/Supply Management System	A customized PeopleSoft enterprise resource planning (ERP) software application used to rationalize purchasing, receiving, and inventory management functions
Automated Fuel Management System	Database of City's fuel delivery infrastructure
Building Maintenance System	Database of maintenance and repair status of City real estate properties

With respect to the transfer of these systems to the Valley, it is assumed that all database information could be transferred to the new Valley City. The PRIMA system, however, is a highly customized application tailored to the needs of the City of Los Angeles. It is therefore assumed that this system could not be transferred to the Valley, and that the City of Los Angeles would provide these services to the Valley under the terms of a contractual agreement. (See section "Valley City Start-Up Costs" for a detailed discussion of how the Valley could be provided with information and communications technology services.)

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Department of General Service's projected expenditures for fiscal year 2000-01 are roughly \$169.7 million. As shown in the table below, salaries and expenses constitute almost all of the Bureau's expenditures.

**CITY OF LOS ANGELES – DEPARTMENT OF GENERAL
SERVICES
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 84,486,215
Expenses	77,110,113
Equipment	1,297,000
Special	4,555,041
Interdepartmental Charges	2,237,900
Total Expenditures	\$ 169,686,269

In estimating expenditures for the Department of General Services in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing

levels, providing the Valley with local control of the services it receives from the department is estimated to require 407 positions throughout the entire planning period.

A significant portion of the of the department's expenses is lease payments, which are budgeted at \$30.3 million for fiscal year 2000-01. Analysis of City data indicate that roughly 5.0% of this total, or roughly \$1.5 million, is spent on leases for buildings located in the Valley. It is therefore assumed in this report that the Valley will be transferred 5.0% of these lease expenses. (See section "Office Facilities" for further discussion of the allocation of City facilities.)

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$9.9 million. The department has ongoing contracts for several kinds of services, which do not appear to be inordinately weighted in any particular geographic area of the City. These include contracts for security services, mail services, consulting services, and various utility services. It is therefore assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of department staff providing services to the Valley (24.3%, as calculated above).

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of General Services in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund and the Sanitation Equipment Charge Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – DEPARTMENT OF GENERAL SERVICES
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 136,904,144
Sanitation Equipment Charge Fund	20,388,135
Special Gas Tax Street Improvement Fund	34,000
Stormwater Pollution Abatement Fund	472,975
Community Development Trust Fund	1,988,410
HOME Investment Part. Program Fund	123,899
Community Services Administration Grant	114,699
Sewer Construction and Maintenance Fund	3,868,173
St. Light Maintenance Assessment Fund	2,188,576
Workforce Investment Act Fund	906,123
Rent Stabilization Trust Fund	475,357
Arts & Cult. Fac. & Services Fund	63,500
City Employees Ridesharing Fund	202,101
Procurement Reengineering Trust Fund	1,021,646
Disaster Assistance Trust Fund	35,200
Housing Opp. for Persons with AIDS	7,930
Code Enforcement Trust Fund	392,013
 Total	 \$ 169,686,269

In addition to the City's General Fund, the City has budgeted funding for the department from certain Special Purpose Funds. The most significant such Fund for the department is the Sanitation Equipment Charge (SEC). The SEC is levied on all single family dwellings in the City and upon multiple unit dwellings for which the City provides refuse collection services. Funds from this charge, estimated to be \$47.1 million in fiscal year 2000-01, are used to acquire and repair sanitation equipment. Funds from this charge are also pledged to repay the debt on bonds issued to finance the purchase of refuse collection vehicles, equipment and other assets used to collect and dispose refuse. Were a special reorganization to occur, it is envisioned that the City of Los Angeles would continue to assess and collect all SEC charges on behalf of the Valley until the bonds for which the charges are pledged are repaid. Any SEC revenue in excess of the proportional debt service on the bonds could be returned to the Valley. (See further discussion of this Fund in section "Transfer of Revenue.")

Other Funds providing revenue to the department include the Stormwater Pollution Abatement Fund and the Sewer Construction Maintenance Fund. As further discussed in section "Transfer of Revenue," it has been assumed in this report that the proposed Valley City would not obtain control of the City's sewer system upon a special reorganization. As a result, the Valley City would not need to create its own Sewer Construction and Maintenance Fund. With the Valley City being a contractor to the regional sewer systems, the Valley City Department of General Services would not incur reimbursable sewer related costs. Thus no revenues from these Funds would be transferred to the Valley.

For all of the other sources of funds for the department, it is assumed that each revenue source could be transferred to the new Valley City based on the percentages shown on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A

department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Department of General Services in fiscal year 2000-01. For a majority of the departmental receipts (which are associated with related costs), it is assumed that the receipts generated by the department will be available to the new Valley City based on the percentage of citywide staff that would transfer to the Valley City.

DEPARTMENT OF GENERAL SERVICES GENERAL FUND DEPARTMENTAL RECEIPTS	
<u>Revenue Source</u>	<u>2000-01 Budget</u>
Construction Permits	\$0
Streets and Curb Permits	400,000
Other Licenses and Permits	0
Other State Grants/Agreements	0
Reimbursement from other Agencies	0
Other General Government Services	1,050
Engineering Fees Inspection Other Services	1,015,000
Sales of Refuse	20,000
Quasi-External Transaction	0
Other Current Service Charges	0
Quasi-External Transaction	839,261
Rents and Concessions	806,600
Royalties	100,000
Proc. of General Fixed Assets Disposal	2,590,000
Miscellaneous Revenues	84,000
Reimbursements from other Funds	18,401,340
Other Financing Sources	0
Special	317,822
Total General Services	\$ 24,575,073

Human Relations Commission

The Commission is committed to reducing community conflict and tension and to building strong inter-group relations across the lines of race, religion, sexual orientation, ethnicity, language, and disability. The functions of the Commission include advising the Mayor and City Council about the state of community and intergroup relations, investigating problems and conditions which adversely affect the ability of people to live and work together, creating programs that build respect, tolerance, and skills in non-violent problem-solving, developing initiatives that advance public safety through anti-violence campaigns, and serving as a resource center for City departments, the media, and community-based organizations in need of assistance to address human relations problems.

Distribution of Service Within the City

The Commission is centrally located in Room 700 at Los Angeles City Hall East.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Commission. Such an apportionment could be accomplished by transferring to the new Valley City those Commission personnel that, as of fiscal year 2000-01, provide services to the Valley and a proportionate share of the assets used to provide direct administrative support to the Commission, of which 11 are Commissioners.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. According to the department's fiscal year 2000-01 City Budget, the department had 26 budgeted positions.

The department is comprised of four divisions, the functions of which are described in the table below.

HUMAN RELATIONS COMMISSION INTERNAL DIVISION FUNCTIONS	
<u>Division</u>	<u>Function</u>
Management	Provides management services to the Department.
Administrative Services	Responsible for the Department's budget, personnel, systems, research, clerical support and payroll.
Community Services	Responsible for managing the Commission's programs.
Special Projects	Responsible for projects requiring dedicated staff. This division is not currently staffed.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 5 positions provide service to the Valley.

The apportionment estimated in the table below is based on the fiscal year 2000-01 City Budget, and on a total of 15 non-Commissioner positions. A special reorganization is assumed to result in roughly 5 positions, or 33% of the Commission's staff being transferred to the new city.

**HUMAN RELATIONS COMMISSION
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Staff availability	2	1
Community Services	Proportion of population	7	2
Administrative Services	Proportion of employees	6	2
Total		<u>15</u>	<u>5</u>

The methodology used to estimate the number of positions providing service to the Valley is as follows. The Management and the Administrative Services Divisions primarily support the activities of the Commission's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new city.

The Community Services Division is comprised of Project Coordinators that manage the Commission's outreach efforts, initiatives and programs. The Project Coordinators are not assigned to specific geographic areas but rather work on outreach, initiatives and programs citywide. Given that the division's service area applies to the city at large, it is reasonable to apportion the division based on the Valley's proportion of citywide population.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Commission's 15 positions, roughly 67 percent are professional/technical. The professional/technical positions consist Project Coordinators and Management Analysts. The clerical/administrative category comprises 20 percent of Commission staff. It includes Clerk Typists. Finally, roughly 13 percent of Commission staff is upper management. This category includes the Executive Director and Assistant Executive Director.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the 5 positions apportioned to the Valley would consist of the following: 3 profession/technical positions, 1 clerical/administrative positions, and 1 manager/specialist.

**HUMAN RELATIONS COMMISSION
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	10	67%
Clerical/Administrative	3	20%
Management/Specialists	2	13%
Total	<u>15</u>	

The department has also budgeted for a small number of “as needed” positions in fiscal year 2000-01. It is assumed the Valley City would also utilize “as needed” positions and would incur a cost in proportion to the amount budgeted by the City, based on the number of budgeted staff transferred.

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment, and other assets used to provide services to the Valley. The Commission has no assets in excess of \$100,000.

Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the Commission to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new Valley City and the acquisition, development or transfer of equipment and systems to the new Valley City.

Projected Expenditures

The special reorganization would result in the transfer of 5 positions, or roughly 33.3 percent of the Commission’s staff, to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The Commission is a relatively new city department and is therefore unable to project future increases or reductions in staff until its current programs have been operational long enough that they could be adequately evaluated.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The Commission does not have contracts or groups of contracts with vendors in excess of \$100,000. It is not anticipated that the new city Human Resources Commission would maintain such contracts.

Projected Revenues

The Commission receives all of its funding from the City’s General Fund. It is assumed that the new city General Fund would support the new city Human Resources Commission. All general revenue receipts contributed by residents and businesses in the Valley would be contributed to the new city’s General Fund, in accordance with the Applicant’s proposal for special reorganization.

In addition to the General Fund, the department has access to the Human Relations Trust Fund, which is established in the Treasury of the City. The department can use the Fund to support established programs and activities and for the purchase of equipment, services, or furnishings in support of those programs. The department administers the Fund. However, the Fund’s expenditure plan is submitted annually to the Mayor and City Council for approval. The Fund consists of monetary gifts, contributions, or bequests to the City for department-administered programs and activities. It is anticipated that the new Valley City’s Human Relations Commission will have access to such a Fund pursuant to Administrative Code Sec. 5.341.

The Commission does not generate cost recovery to the General Funds through General Fund Receipts or Special Sources of Funding.

Information Technology

The Information Technology Agency has responsibility for the City's information technology and communications systems. In addition to managing these systems for all non-proprietary City departments, the department also regulates cable television providers to ensure these firms comply with the terms of franchise agreements.

Proposed Apportionment for Information Technology Agency Personnel

As with other departments in this report, the general framework of the proposed apportionment for the Information Technology Agency ("ITA") seeks to provide the new Valley City with local control of the services the Valley currently receives from the department. Unlike other departments, however, the proposed apportionment for the ITA would involve no direct transfer of department staff, equipment, or any other department assets to the new Valley City. What is proposed instead is the establishment of a contractual relationship between the new Valley City and the City of Los Angeles in which the City of Los Angeles would provide the Valley with all necessary information technology services.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the estimated workload and service needs in the Valley. For fiscal year 2000-01 the department has 745 budgeted positions. The department is divided into 7 divisions, the functions of which are described in the table below.

INFORMATION TECHNOLOGY AGENCY INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides department-wide oversight and management.
Administrative Services Center	Responsible for budgeting, employee relations, payroll, internal support services and client training.
Applications Resource Bureau	Provides information technology services to the Fire, Police and select other departments; also develops City-wide project management standards.
Communications Services Center	Maintain radio, field dispatch, microwave, alarm, emergency field command post, and other critical City communications systems.
Enterprise Infrastructure Bureau	Provides data systems engineering and installation, telephone systems support, plans City efforts related to the City's Fiber Optic Network, networking systems support, and support of office automation systems.
Public/Private Enterprise Bureau	Oversees cable television franchises, monitors telecommunications service providers and services, and provides live coverage of and phone connections to City Council proceedings.
Systems Processing Bureau	Provides operational support for City Enterprise Servers, coordinates all information systems changes, provides system security, and operates the department's Helpdesk and Servicedesk.

The estimate of the number of staff in each departmental division providing service to the Valley is based on the proportion of employees in all City departments that provide services to the Valley. As discussed earlier in this report, that proportion is estimated to be 25.5%. It is therefore estimated that a total of 185 positions, or roughly 25.5 % of the department's staff, provide services to the Valley. As discussed above, however, it is envisioned that these positions would remain employees of the City of Los Angeles and provide contractual services to a new Valley City. (See section "Contractual Services" below for further discussion of the proposed contractual positions.)

**INFORMATION TECHNOLOGY AGENCY
DEPARTMENT POSITIONS SERVING THE VALLEY**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Staff not transferred	8	0
Administrative Services Center	Staff not transferred	43	0
Applications Resource Bureau	Staff not transferred	137	0
Communications Services Center	Staff not transferred	138	0
Enterprise Infrastructure Bureau	Staff not transferred	251	0
Public/Private Enterprise Bureau	Staff not transferred	34	0
Systems Processing Bureau	Staff not transferred	134	0
Total		745	0

* Number of positions per division based on the 1999-00 organization chart. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The department has also budgeted for several "as needed" positions for fiscal year 2000-01. It is assumed the Valley City would also utilize "as needed" positions and a proportional amount of the cost for these positions would transfer based on the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

Because no department staff would be transferred to the new Valley City, analysis of "sufficiency of staff" apportioned is not applicable.

Transfer of Equipment and Facilities

As discussed above, the proposed apportionment does not involve the transfer of any department facilities or equipment to the new Valley City. This section is therefore not applicable.

Transition of Service to New City

This section is not applicable.

Projected Expenditures

The Information Technology Agency's projected expenditures for fiscal year 2000-01 are roughly \$86.5 million. As shown in the table below, salaries, "special" expenditures (the majority of these special expenditures being for communications services), and expenses all constitute significant portions of the agency's expenditures.

**CITY OF LOS ANGELES –
INFORMATION TECHNOLOGY AGENCY
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 47,353,979
Expenses	17,639,907
Equipment	525,000
Special	35,046,510
Interdepartmental Charges	(14,085,497)
Total Expenditures	\$ 86,479,899

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$13.8 million. The department has ongoing contracts for several kinds of services, including telecommunications services, computer programming, technical training, and information technology project management. Given that no department staff or equipment would transfer to the new Valley City, it is assumed that none of these costs would accrue to the Valley. As discussed above, however, this report assumes that the Valley will contract with the City of Los Angeles for the equivalent of 185 ITA positions. Given an average per-employee salary in the department of \$63,562,⁴⁴ and an overhead ("CAP") rate of 72.1%,⁴⁵ the Valley's annual contract cost for ITA services is estimated to be \$20.2 million.

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to the new Valley City to fund the information technology services the Valley currently receives from the City of Los Angeles' Information Technology Agency.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

⁴⁴ Based on "City of Los Angeles Budget, Fiscal Year 2000-01."

⁴⁵ CAP Rate calculated using City of Los Angeles 1999-00 indirect cost rates for Information Technology Agency employees. The rate consists of the sum of the Fringe Benefit rate (19.52%), Central Services (37.40%), and Department Administration and Support (15.17%).

**CITY OF LOS ANGELES – INFORMATION TECHNOLOGY AGENCY
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 80,627,570
Sewer Construction and Maintenance Fund (14)	460,102
St. Light Maintenance Assessment Fund (19)	200,000
City Planning Systems Develop. Fund (29)	134,000
Engineering Surcharge Revenue Fund (29)	162,000
MICLA F Acquisition Fund (29)	1,286,974
UDAG (29)	153,175
Procurement Reengineering Trust Fund (32)	346,924
Special Police Communications Tax Fund (33)	10,000
B & S Systems Development Fund (40)	760,180
 Total	 \$ 86,479,899

Because the proposed apportionment assumes the Valley will contract for all ITS services, it is assumed that the revenues listed above will not transfer to the new Valley City. Also, the department is not expected to contribute any funds to the new Valley City's general fund.

Los Angeles Housing Department

The Los Angeles Housing Department has four program areas, housing development, rent, neighborhood revitalization, and enforcement. The housing development program provides loans to property owners and developers, facilitates construction processes, monitors grant funds allocated to the Community Redevelopment Agency for housing revitalization, and administers a HUD grant designed to reduce lead hazard. The department's rent program administers the Rent Stabilization Ordinance, collects annual registration fees from landlords, approves rent adjustments, operates the rent control telephone hot line, and investigates complaints of ordinance violations. The department's neighborhood revitalization program provides loans to homeowners in low and moderate-income areas, administers neighborhood recovery programs, participates in nuisance abatement, and administers various other housing programs that improve quality of life. A code enforcement program provides routine, periodic inspections of all multi-family rental properties in the City for basic code enforcement and habitability.

Distribution of Service Within the City

The Housing Department is housed in the DWP building located at 111 N. Hope Street in downtown Los Angeles. The department's Public Counter and all other department programs operate from this location, except the Neighborhood Revitalization Division's Neighborhood Preservation Program (NPP). The NPP works through five field offices, one of which serves the Valley. Each NPP field office handles loan packaging for applicants located in its geographic area.

Proposed Apportionment

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. According to the City's fiscal year 2000-01 budget, the department is comprised of 377 positions.

The department is comprised of seven divisions/units, the functions of which are described in the table below.

**LOS ANGELES HOUSING DEPARTMENT
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Provides management services to the department.
Administrative Services	Responsible for the department's budget, inventory control, records retention, and operational support duties.
Asset Management	Manages the servicing of the department's loan portfolio.
Housing Development	Provides loans to property owners and developers to rehabilitate and or construct new housing using CDBG and HOME funds, low income housing tax credits, and tax exempt bonding authority.
Neighborhood Revitalization	Provides neighborhood preservation and recovery, housing services, and program services. Utilizes slum abatement techniques, loans and community organizing to improve quality of life.
El Sereno Field Office	Provides loan packaging services to low income residents.
Harbor Field Office	Provides loan-packaging services to low income residents.
Valley Field Office	Provides loan-packaging services to low income residents.
Southwest Field Office	Provides loan-packaging services to low income residents.
Echo Park Field Office	Provides loan-packaging services to low income residents.
Rent Stabilization	Administers the City's Rent Stabilization Ordinance.
Enforcement	Administers programs to preserve the quality of housing stock and prevent dangerous, substandard or unsanitary and deficient conditions in residential buildings.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 113 positions provide service to the Valley. This estimate is based on the fiscal year 2000-01 budget. A special reorganization would thus result in approximately 30 percent of the department's staff being transferred to the new Valley City.

**LOS ANGELES HOUSING DEPARTMENT
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of employees	14	4
Administrative Services	Proportion of employees	53	16
Asset Management	Proportion of loan portfolio	11	3
Housing Development	Proportion of housing stock	43	15
Neighborhood Revitalization	Proportion of housing stock	50	18
El Sereno Field Office	None	6	0
Harbor Field Office	None	5	0
Valley Field Office	All - mainly services the Valley	6	6
Southwest Field Office	None	7	0
Echo Park Field Office	None	5	0
Rent Stabilization	Proportion of Rental Units	66	19
Enforcement	Proportion of Rental Units	111	32
Total		377	113

The methodology used to estimate the number of positions providing service to the Valley is as follows. The Management and the Administrative Services divisions primarily support the activities of the department's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

The Housing Development Division provides loans to property owners and developers to rehabilitate and/or construct new housing projects utilizing CDBG and HOME funds, low income housing tax credits, and tax exempt bonding authority. Loans are provided for acquisition, predevelopment, construction, permanent financing (gap) and bridge loans. Given that the division's direct services focus on housing stock, it is apportioned using the Valley's proportion of the City's total housing stock. According to the Department of City Planning, 35 percent of the estimated citywide housing units in 1998 were located in the Valley.

The Neighborhood Revitalization Division's central office also provides services focused on housing stock. Through its Neighborhood Preservation Program (NPP), the division provides rehabilitation loans and it also administers various other programs intended to ensure neighborhood housing affordability, health, and safety. Each of the NPP's field offices provides loan-packaging services to low-income residents living in each office's geographic service area. Therefore, the Valley field office is assumed transferred to the new Valley City as part of the special reorganization, and the remaining field offices will remain under control of the City.

Both Housing Development and Neighborhood Revitalization Divisions administer loans using federal funds. According to documents provided by the City, the department has 8,002 loans in its portfolio, 1,857 (or 23 percent) of which are located in the Valley. Once loans are made, the Administrative Services division's Asset Management unit handles them. The Asset Management unit tracks and collects all loan repayments; manages loan workouts, subordinations and amendments; minimizes bad debt by handling foreclosures, bankruptcies, short sales, due-on-sale requirements, and probates; and reports on the status of the loan portfolio to the Mayor, City Council, and Controller. The existing loan portfolio, which was originally capitalized by federal grants, is an asset of the City and generates income for use on other projects of the City. It is uncertain whether the loan portfolio can be divested or whether any loan portfolio income can be diverted without approval by the granting agency. It is therefore assumed that the City will remain the custodian of the current loan portfolio, abiding by the grantor/grantee relationship assumed in the original grant agreement, and that the City would retain the current number of staff that comprise the Asset Management division. It is also assumed that the City will remain the custodian of the Mortgage Revenue Bonds administered by the Housing Development Division.

The Rent Stabilization Division administers the Rent Stabilization Ordinance, Chapter XV of the City of Los Angeles Municipal Code. The ordinance regulates rents to safeguard tenants from excessive rent increases, while providing landlords with reasonable returns from their rental units. The division's services concentrate solely on rental units. The level of service required in the Valley is therefore estimated according to the proportion of the City's total rental units. According to documents provided by the City, 117,720 (or 28 percent) of the City's 427,323 rental units that can be geographically classified are located in the Valley.

Finally, the Enforcement Division works to preserve the quality of the City's existing rental housing stock and prevent the development of dangerous, substandard, unsanitary, and deficient conditions in residential building and dwelling units. Because of the division's focus on rental housing stock (the ordinance stipulates the enforcement of multifamily rental units with two or more units per parcel), it too is estimated to serve the Valley based on the proportion of the City's rental units.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Los Angeles Housing Department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the

composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 377 positions, roughly 67 percent are professional/technical. The professional/technical positions consist of department Accountants, Management Analysts, Financial Development Officers, Fiscal Systems Specialists, Housing Planning and Economic Analysts, Research Analysts, Systems Analysts, Rehabilitation Construction Specialists, Rehabilitation Project Coordinators, Housing Programs Managers, and Housing Inspectors. The clerical/administrative category comprises 31 percent of department staff. It includes Accounting Clerks, Clerk Typists, Management Assistants, Secretaries, Systems Aides, Warehouse and Toolroom Workers, Clerk Stenographers, and Management Aides. Finally, roughly two percent of department staff are either upper management or highly specialized. This category includes the General Manager, Assistant General Managers, Chief Management Analysts, Director of Housing and Consultant in charge of Enforcement. None of the department's staff provide services that require specialized training that cannot be replicated in the new Valley City.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the 113 positions apportioned to the Valley would consist of the following: 76 profession/technical positions, 35 clerical/administrative positions, and 2 management/specialists. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

LOS ANGELES HOUSING DEPARTMENT COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	254	67%
Clerical/Administrative	117	31%
Management/Specialists	6	2%
Total	377	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also include the provision of a proportionate share of centrally located equipment and other assets to the new Valley City. Given these general criteria, the proposed apportionment would include the transfer of the Neighborhood Revitalization Division's NPP Valley field office to the new city. The City has not identified this office as an asset valued at greater than \$100,000, and it is therefore assumed that the office is leased.

In addition, the department has created software systems for integration and interface with the City's Financial Management Information System (FMIS), and the reconciliation of balances between HUD's Integrated Disbursement System (IDIS), HUD's Line of Credit Control System (LOCCS), and various other City-run systems. For the purposes of this report, it is assumed that the City-owned applications used by the department would be shared with the Valley City, and any support costs related to the systems would be reimbursed through contractual service payments made to City's Information Technology Agency.

Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to

provide workspace for staff transferred to the new city and the acquisition, development or transfer of equipment and systems to the new Valley City.

It should be noted that entitlements for the City's Consolidated Plan are calculated and distributed annually. While eligible cities must submit a Consolidated Plan, the entitlement is not affected by the Plan. If a special reorganization occurs, the City would need to revise its Consolidated Plan and the proposed Valley City would have to create its own plan. After special reorganization, the City's entitlement would be recalculated. In order for the new city to be eligible for entitlement, HUD must have information that the new city is a "metropolitan city" and it must have access to the new city's demographic data from the Census Bureau. It is unclear whether this requisite information would be available in order to provide the Valley City its entitlement for the first program year. In order for the new city to receive entitlement funds for a program year beginning July 1, it would have to submit an application for the funds by September 30 (FFY) of the previous year.

It is therefore assumed that, in the event the Valley City does not receive its own entitlement funds, the City would pass-through the Valley share of entitlement funds based on the HUD funding formula and demographic characteristics of the Valley until the Valley City can provide sufficient information to receive its own entitlement funds.

Projected Expenditures

The special reorganization would result in the transfer of 113 positions, or roughly 30 percent of the department's staff, to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The department contracts outside vendors for specialized services generally including housing inspection and analysis, real estate appraisals, architectural services, environmental assessments, and title services. The department also contracts vendors to deliver its HOPWA and Handyworker programs. The Housing Department serves as the grant administrator for various HOPWA-related programs for Los Angeles County. These programs are administered through third-party contractors providing housing and related supportive services for individuals living with HIV/AIDS and their families. The services provided consist of rental subsidies, mortgage and utility payment assistance, emergency food and shelter vouchers, and referral services. The Handyworker Program provides free minor repairs to low-income homeowners. Typical services include emergency repairs, removal of safety hazards, home security improvements, and energy conservation and weatherization improvements. Repairs are performed by private organizations contracted by department. It is assumed that the new Valley City would require contractual services proportional to the number of employees transferred.

In addition to such contracts, the new Valley City would contract with the City for the Housing Development and Neighborhood Revitalization Division services until 2005-06.

Projected Revenues

The department receives less than 10 percent of its funding from the General Fund. The department receives the balance of its funds from the Community Development Trust Fund (CDBG), the HOME Investment Partnerships Program Fund, UDAG, HOPWA, and the Municipal Housing Finance Fund. The department's Rent Stabilization and Enforcement divisions are self-sustaining through the revenues they collect which are allocated through the Rent Stabilization Trust Fund and the Code Enforcement Trust Fund. The Rent Stabilization division collects \$14 per unit from property owners of

rental housing units and the Code Enforcement division collects \$12 per residential rental unit per year.

It has been assumed in this report that a newly incorporated Valley City would apply for and be eligible for funding from the CDBG and HOME programs beginning in fiscal year 2003-04. The grant amount the new Valley City is eligible to receive from these programs is based on HUD's entitlement formulas. According to the CDBG entitlement formula, the Valley would be entitled to approximately 25 percent of the current CDBG funds accounted for in the Consolidated Plan.

It is assumed that the new Valley City's Mayor and Council would determine the amount of UDAG and HOPWA funds received by the new Valley City

With respect to expenditures that must be supported by general fund revenue of the Valley, it is assumed the Valley City would use general fund monies for the department in approximately the same proportion currently used by the City of Los Angeles.

As discussed above, the department has loans that generate program income that is used for additional programs under the Consolidated Plan. It is assumed that the City will remain custodian of the existing loans and retain all income. The Housing Development division also assists in the administration of mortgage revenue bonds through its Home Ownership unit, serving as a conduit to enable the issuance of tax-exempt bonds, and monitoring the use of funds to ensure compliance with regulations. In 1999, the department issued 162 mortgage revenue bonds, 112 (or 69 percent) of which were located in the Valley. Because the bonds are secured by revenue from the housing projects, and no City funding is pledged for repayment of the bonds, it is assumed that the City will remain the custodian of all outstanding mortgage revenue bonds.

Finally, the department receives monies derived from the sale of revenue bonds, which are deposited into the Municipal Housing Finance Fund. The Valley could provide for the issuance of future mortgage revenue bonds once the new Valley City is incorporated.

The following table represents General Fund departmental receipts. The department's gross receipts represent its total cost recovery to the General Fund. It is assumed that the new Valley City's departmental receipts (primarily for reimbursement of related costs) would be contributed to the Valley General Fund based on the percentage of staff citywide that would transfer to the Valley City.

**LOS ANGELES HOUSING DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Reimbursement from Other Funds	\$ 6,598,200
Special	73,078
Total	<u>\$ 6,671,278</u>

Mayor

The Mayor is the executive officer of the City, and exercises supervision over all of its affairs. The Mayor submits proposals and recommendations to the Office of the Mayor, approves or vetoes ordinances passed by the Office of the Mayor, and is active in enforcement of the ordinances of the City. The Mayor recommends and submits the annual budget and passes upon subsequent appropriations and transfers; appoints and may remove certain City officials and commissioners, subject to confirmation by the Office of the Mayor; secures cooperation between the departments of the City; receives and examines complaints made against officers and employees; and coordinates visits of foreign and domestic dignitaries with concerned public and private organizations.

Distribution of Service within City

All Office of the Mayor staff are located at City Hall in downtown Los Angeles. However, several services provided by these staff are carried out in geographically dispersed areas throughout the City. For example, the L.A. Business Team Program, which promotes development in key growth industries throughout the City by working to attract, expand and retain quality job-creating businesses, is operated by Office staff. The Mayor's Volunteer bureau, which seeks to maximize the use of volunteers throughout the city, is also administered through Office staff.

Proposed Apportionment

In the event of a special reorganization, the new Valley City would elect a mayor, and would require the service of support staff. It is assumed for the purposes of this analysis that a proportional share of staff and administrative support currently serving the City of Los Angeles Mayor would be transferred to support the mayor of a new Valley City.

Transfer of City Personnel

As mandated by the City Charter, the Mayor can appoint and remove staff as may be needed to perform the duties and carry out the responsibilities of the Mayor's Office, subject only to budgetary appropriation.⁴⁶ Given that the Mayor is elected to represent the whole of the City of Los Angeles, any apportionment should be based on population. Using such basis, the staffing providing service to the Valley can be estimated based on the new Valley city's proportion of the total population.

With population as the basis for appropriation, 35.31% of the Office of the Mayor's staff and/or resources are assumed to be transferred to the new Valley City in the event of a special reorganization.

For fiscal year 2000-01 the Office of the Mayor has 74 budgeted positions, which includes the Mayor, and a material budget appropriation for as needed positions. The Mayor's office has a large amount of discretion as to the function of its various positions, and no formal position descriptions exist for the department.

⁴⁶ Charter of the City of Los Angeles as adopted on June 8, 1999, Article II Section 231 (b)

Using the estimated Valley population of 35.31% of the entire City, it is estimated that a total of 26 positions (35.31% of 73 positions, excluding the Mayor) currently provide service to the Valley and would support a new Valley City mayor. A special reorganization would therefore result in 26 positions of the Office of the Mayor's current staff and/or resources, being transferred to the new Valley City.

The Mayor's office has also budgeted for 9 "as needed" positions for fiscal year 2000-01. It is assumed that the Valley City would also utilize "as needed" positions, and the proportion of budgeted staff transferred to the Valley City is used to estimate the salary cost transferred.

Assuming the new Valley City would have a paid Mayor, the additional cost of the Valley City mayor is estimated using the budgeted annual salary as of fiscal year 2000-01 for Los Angeles City Mayor. A discussion of all additional staffing positions required by the Valley City and not transferred from the City is provided in section "Valley City Start-Up Costs."

Transfer of Equipment and Facilities

The Office of the Mayor administers its programs through downtown offices and does not own any equipment at its main office or any other locations at which it may provide a service. Therefore, the special reorganization would not result in a transfer of equipment or facilities to the San Fernando Valley.

Transition of Service to New City

The service it provides is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is assumed the City could transfer all required staffing necessary for Office of the Mayor and functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred. The Office of the Mayor does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The Office of the Mayor as operated by the City does not utilize contractual services valued at over \$100,000. It is not assumed as part of this analysis that the Valley Office of the Mayor would require the use of contractual services.

Projected Revenues

The Office of the Mayor has been historically funded primarily from the City's General Fund and does not receive any grant funding. It is assumed that the Valley City would support its own Office of the Mayor exclusively from its general funds.

Neighborhood Empowerment

The new City Charter established the Department of Neighborhood Empowerment (DONE) in 1999. The department is charged with the responsibility of promoting citizen participation in government and making government more responsible to local needs by developing a citywide system of Neighborhood Councils. The department prepares a Plan for a Citywide System of Neighborhood Councils, and it assists neighborhoods in preparing petitions for certification and organizing themselves in accordance with the Plan.

Distribution of Service Within the City

The department's centralized services are provided through its main office located at 305 East First Street in Los Angeles. Currently, the department provides direct services to the community through four field offices, one of which is located at 14410 Sylvan St., Room 113, in Van Nuys City Hall. Each of the field offices is staffed with Project Coordinators that have been distributed geographically by Area Planning Commission District. The Valley is comprised of two Area Planning Commission Districts, each of which has been assigned a Project Coordinator. Both Project Coordinators assigned to the Valley work from the Van Nuys field office.

The current number of field offices, number of Project Coordinators, and geographic distribution formula of Project Coordinators may change upon adoption by the Mayor and Council of the proposed Citywide System of Neighborhood Councils Plan and the number of Neighborhood Councils certified once the Plan is adopted. Once the Plan is adopted, it is anticipated by the City that department budgets for future years will be substantially greater and farther reaching than the current year and will necessitate the expansion of services and staff to certify, educate, train, audit, and fund the Neighborhood Councils and attendant requirements.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the department. Such an apportionment could be accomplished by transferring to the new Valley City those department personnel that, as of fiscal year 2000-01, provide services to the Valley and a proportionate share of the assets used to provide direct administrative support to the department.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley.

The department maintained 32 budgeted positions in fiscal year 2000-01. The department is comprised of six divisions, the functions of which are described in the table below.

DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Responsible for department-wide management.
Administrative Services Division	Manages the department's human resources, budget management and analysis, financial systems management and accounting functions.
Field Operations/Outreach Division	Responsible for education, training and organizing.
Certification and Compliance	Manages certification process and implementation.
Public Relations	Manages all program-related public relations.
Systems	Provides IT support to the department.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 10 positions provide service to the Valley. This estimate is based on the fiscal year 2000-01 organization chart. A special reorganization would thus result in approximately 31 percent of the department's staff being transferred to the new Valley City.

**DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Mgmt. & Support Services	Proportion of employees	6	2
Administrative Services	Proportion of employees	7	2
Systems	Proportion of employees	2	1
Field Operations/Outreach	Proportion of population	2	1
Non-Valley	None	8	0
Van Nuys City Hall	All	2	2
Certification and Compliance	Proportion of population	3	1
Public Relations	Proportion of population	2	1
Total		32	10

The methodology used to estimate the number of positions providing service to the Valley is as follows. The Management, Administrative Services, and Systems Divisions provide internal department functions. Their staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

The Field Operations/Outreach Division is comprised of both centrally located staff and staff geographically distributed by Area Planning Commission District that work out of the department's four field offices. Each field office primarily serves the geographic area in which it is located and can therefore be apportioned to the area it serves. It is assumed that the Valley field office located in Van Nuys City Hall will be transferred to the new Valley City and the remaining field offices will remain under control of the City of Los Angeles.

Because the department's mission is to promote public participation, the Field Operations/Outreach Division's centrally located staff may be apportioned using the Valley's proportion of citywide population. The level of outreach required to promote public participation is, in part, a function of population.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Neighborhood Empowerment does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 32 positions, approximately 59 percent are professional/technical. The professional/technical positions consist of the Public Information Director, Accountant, and Analysts. The clerical/administrative category comprises 34 percent of department staff. It includes the Executive Assistant, an Executive Secretary, Clerk, Clerk Typists, and an Accounting Clerk. Finally, roughly seven percent of department staff is upper management. This category includes the General Manager and Assistant General Manager.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the ten positions apportioned to the Valley would consist of the following: six professional/technical positions, three clerical/administrative positions, and one manager.

**DEPARTMENT OF NEIGHBORHOOD
EMPOWERMENT
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	19	59%
Clerical/Administrative	11	34%
Management/Specialists	2	7%
Total	32	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Valley City.

Given these general criteria, the proposed apportionment would include the transfer of the Valley field office to the new Valley City. The apportionment would also include the transfer of the equipment and software required for Neighborhood Councils certified in the Valley to implement the department's Early Notification System (ENS). The ENS system is currently being developed by the department of Neighborhood Empowerment and the City's Information Technology Agency. It is estimated that the ENS system will be operational by 2002. According to the City Charter, ENS will provide all Neighborhood Councils with a computer, software and access to the Internet. Each Council will designate an e-mail address or website where notifications of municipal activities can be received. All City entities designated by Charter Section 907 are required to supply relevant information directly to the appropriate Neighborhood Council's email address or website.

Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and for the acquisition, development or transfer of equipment and systems to the new Valley City.

Projected Expenditures

The special reorganization would result in the transfer of 10 positions, or roughly 31 percent of the department's staff, to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department expects significant changes to its staffing level once the Citywide System of Neighborhood Councils Plan is adopted and the number of certified Neighborhood Councils increases. The department has not made definitive service and staffing projections. It will make such projections once the number of certified Neighborhood Councils is determined and program trends over the course of fiscal year 2001-02 have been evaluated.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The department has no contracts with outside vendors that exceed \$100,000 and does not anticipate any such contracts through fiscal year 2005.

Department Start-up Costs

The department would require the provision of office space, and would need to be incorporated into the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in the section "Start-Up Costs."

Projected Revenue

The department receives all of its funding from the City's General Fund. Based on the timeline established for the development and adoption of a Citywide System of Neighborhood Councils, it is projected that there will be an increase in the department's General Fund allocation.

With respect to the General Fund, the new Valley City General Fund would support the new Valley City Department of Neighborhood Empowerment. All general revenue receipts contributed by residents and businesses in the Valley would be contributed to the new city's General Fund, in accordance with the Applicant's proposal for special reorganization. At this time, the department does not generate General Fund receipts.

Personnel

The Personnel Department performs a variety of functions. It recruits employees, develops and administers examinations and establishes eligible lists for employment, it develops regulations governing appointments, promotions, transfers, and removal of City employees, provides employee training and counseling, administers the City's Rideshare Program, conducts health risk appraisals, administers employee benefits, investigates and hears discrimination complaints and disciplinary action appeals, conducts pre-employment medical exams, administers the Workers' Compensation program, and provides medical care for persons in custody of the Police Department. The department is also responsible for administering the Human Resources Benefits budget.

Distribution of Service within the City

The Personnel Department is comprised of eight divisions that deliver human resources-related services to City departments. The majority of the department's staff is located in the Personnel building at 700 East Temple Street. The Occupational Health Services Division is located at 1401 West Sixth Street, and the Employee Benefits and Commuter Services arms of the Employee Services and Fiscal Operations Division are located at City Hall East.

The department provides two types of direct public services, which include job recruitment and medical care. Recruitment efforts consist of the dissemination of employment information at the following facilities: Constituent Services Center at 8475 South Vermont Avenue in Los Angeles; Valley One-Stop at 14546 Hamlin Street in Van Nuys; and Cypress Park Community Center at 929 Cypress Avenue in Los Angeles.

The department also provides medical services in the form of pre- and post-booking medical exams and evidentiary medical exams. These services are managed by the Custody Care unit that is located at 1401 West Sixth Street. Custody Care staffs three dispensaries located at City Jails located at Parker Center, 77th Street, and Van Nuys. Each dispensary services arrestees at the jail in which it is located.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Personnel Department. Such an apportionment could be accomplished by transferring to the new Valley City the department personnel that, as of fiscal year 2000-01, currently service the proportion of personnel required to run the new Valley City and a proportionate share of the assets used to provide management, and administrative and technical support for the department.

Transfer of City Personnel

The number of department staff required to provide human resources-related services for the new Valley City can be estimated based on the current geographical location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Personnel Department has 372 budgeted positions, of which 5 are Citizen Board Members.

PERSONNEL DEPARTMENT INTERNAL DIVISION FUNCTIONS

Division	Function
Occupational Health Services	Handles all occupational-health related programs; Examines candidates for Police Reserves and provide care for members; provides care for prisoners and persons in custody in City jails; conduct med/psych exams for entry-level Police and Fire candidates.
Workers' Compensation	Manages City's Workers' Compensation claim workload and related issues; determines compensability; delivers benefits; manages costs and losses.
Public Safety Employment	Assists in LAPD/LAFD recruitment and examination-related issues; conducts background investigations for firefighter candidates; handles LAPD/LAFD executive recruitment.
Examining	Handles recruitment, civil service examinations, and background investigations; maintains civil service records; provides lists of eligible candidates to hiring departments.
EEO & Employment Development	Ensures EEO practices; conducts workforce planning; disseminates information on employee rights and obligations; conducts workforce planning and development survey.
Employee Services & Fiscal Operations	Administers the budget, accounting, purchasing, payroll and inventory systems of the Department; handles contracts, benefits, AQMD compliance, and fiscal operations for benefits.
Classification Services Group	Handles civil service classifications; provides personnel-related technical assistance to departments; handles transfers; reviews reinstatement requests; investigates out-of-class complaints.
Examination Development & Research Group	Handles civil service examination-related research; develops and administers civil service exams and exams for classes of Police, Firefighters and other departments.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division required to service the new Valley City's personnel and provide other human resources-related services. The apportionment method applied to the department's divisions differs conceptually from that used in the majority of City departments because of the internal support function it provides. In general, apportionment is tied to the total number of employees transferred to the new Valley City.

As shown in the table below, it is estimated that a total of 95 positions will be required to staff the new city's Personnel Department. This estimate is based on an analysis of the fiscal year 2000-01 budget, and on a total of 367 budgeted non-Commissioner positions in the department. A special reorganization would thus result in 26% of the department's staff being transferred to the new Valley City.

**PERSONNEL DEPARTMENT
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management & Administration			
Management Services	Proportion of employees	8	2
Admin. Support & Special Services	Proportion of employees	8	2
Information Technology Group	Proportion of employees	7	2
Divisions			
Occupational Health Services	Proportion of citywide employees	39	10
Hyperion Health Services	Not apportioned	1	0
	Proportion of medical treatment at Van Nuys dispensary	33	11
Custody Care	Nuys dispensary		
Workers' Compensation	Proportion of employees	102	25
	Average Proportion of Police & Fire	47	13
Public Safety Employment	Department Staff transferred		
Examining	Proportion of citywide employees	61	15
Employee Services & Fiscal Operations	Proportion of citywide employees	31	8
EEO & Employment Development	Proportion of citywide employees	16	4
Classification Services Group	Proportion of citywide employees	8	2
Examination Development & Research	Proportion of citywide employees	6	1
Total		367	95

The methodology used to estimate the number of personnel required to staff the new Valley City's Personnel Department is as follows. The Management Services group, the Administrative Support and Special Services Group, and the Information Technology Group primarily support the activities of the department's eight divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

The Departmental Divisions, excluding Public Safety Employment and the Custody Care arm and Hyperion Health Services unit of Occupational Health Services, are apportioned using the percent of total City employees that may be transferred to the new Valley City as part of the special reorganization. The divisions provide human resources-related services to all City departments and it is assumed that the current number of staff in each division represents optimal staff levels required to serve the City's personnel. Therefore, the percent of total employees transferred to the new Valley City as part of the special reorganization provides a measure of the positions in these divisions required to staff the new Personnel Department.

The Public Safety Employment Division is apportioned using the percent of Police and Fire Department staff that may be transferred to the new Valley City. This division is primarily devoted to providing recruitment, examination, and background investigation services for the Police and Fire Departments. Thus, the percent of Police and Fire Department personnel transferred to the new Valley City provides a measure of the positions in this division required to staff the new Valley City.

The Custody Care Medical Services group is a branch of the Occupational Health Services Division. Custody Care is comprised of 26 nurses and 14 physicians. One physician and one nurse administer the Custody Care program from the Occupational Health Services Division office downtown, while the remaining personnel staff three dispensaries located at Parker Center Jail, 77th Street Division Jail, and Van Nuys Jail. The Personnel Department estimates that the Van Nuys jail accounted for 32.84 percent of the Custody Care medical treatments provided in fiscal year 1998-99. This workload estimate provides a measure of the Custody Care positions required to service the Van Nuys Jail Dispensary.

Finally, the Hyperion Health Services unit of the Occupational Health Services Division, which is staffed by an Occupation Health Nurse, will not be apportioned and will remain under the control of the City. It is assumed that the Hyperion Plant will remain under the control of the City as well as the City staff that provide service to Plant employees.

The department also has budgeted for several "as needed" positions for fiscal year 2000-01. It is assumed for the purposes of this fiscal analysis that the Valley City would also utilize "as needed" positions, and a proportional amount of the cost for these positions is assumed transferred to the Valley City based on the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Personnel Department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 367 non-Board Member positions, roughly 47 percent are professional/technical. The professional/technical positions consist of all Department Analysts, Nurses, Accountants, Background Investigators, Pharmacists, and various other trades. The clerical/administrative category comprises 46 percent of department staff. It primarily includes Executive Assistants, Secretaries, Clerk typists and various other Clerks, Records Supervisors, Data Control Assistants, Data Entry Operators, Duplication Machine Operators, Customer Service Attendants, and Claims Assistants. Finally, roughly seven percent of department staff are either upper management or highly specialized. This category includes General and Assistant General Managers, Physicians, Psychologists, Chief Analysts, the Medical Director, and Workers' Compensation Administrator II.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the 95 positions apportioned to the Valley would consist of the following: 45 profession/technical positions, 43 clerical/administrative positions, and 7 management/specialists.

PERSONNEL DEPARTMENT COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	175	47%
Clerical/Administrative	169	46%
Management/Specialists	26	7%
Total	367	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment, and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Valley City.

The Personnel Department delivers direct services to the Valley at two locations. It provides City employment information at the Valley One-Stop in Van Nuys. The department assigns a part-time recruiter to this location one day per week. The department does not own or lease space from this

facility. The department also staffs the Van Nuys Jail Dispensary. The Dispensary facility is a section of the Van Nuys Jail and is not owned or leased by the Personnel Department.

Other assets subject to the proposed apportionment include civil service employee folders, medical equipment, and examination instruments used for recruitment and civil service classification. The civil service folders contain all personnel transactions, commendations and disciplinary actions for employees in all City departments, except the Department of Water and Power. It is assumed that these assets can be transferred directly to the new Valley City.

The Occupational Health Services Division houses a fully equipped medical facility, with x-ray machine and laboratory. The City has asserted that this facility is configured with the equipment and systems necessary to service the City's current volume of occupational health-related cases. Based on this assertion and the identified equipment contained within the facility, it appears that the facility could not be divided and apportioned to the Valley City without compromising the integrity of the existing facility design. Therefore, the new Valley City would need to create its own medical facility, contract with the City or an outside agency, or go without a dedicated medical facility. Given the City apparently staffs its medical facility with just one x-ray technician, it does not appear as if a high level of demand would be generated by a Valley City, and it is assumed for the purposes of this report that the Valley City would go without a dedicated facility.

Finally, it is assumed that all examination instruments for recruitment and classification developed by the department can be transferred to the new Valley City.

Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. Of particular importance is the new department's ability to establish a functional Workers Compensation Division. The new Division must be operational at the time in which staff is transferred so that benefit delivery is not delayed and statutory requirements are satisfied in a timely manner. If treatment or benefits are delayed or time limits exceeded, the new City would be liable for substantial financial penalties.

It is assumed that the new Valley City Personnel Department will be responsible for the administration of Workers' Compensation claims made by the employees transferred to its jurisdiction. The new Valley City will establish a Human Resources Benefits budget for the payment of those claims and other benefits the new City elects to provide its employees. The City of Los Angeles Personnel department will administer claims made by employees remaining in its jurisdiction as well as claims made by inactive employees, employed by the City at some time preceding the special reorganization.

The new Valley City will need to establish several "pass-through" funds through which some of the Human Resources Benefits budget is disbursed to carriers. Monies for these funds enter into the fund accounts and pass through immediately as disbursements. There are five such accounts: (1) The Deferred Compensation Plan Investment Fund, (2) The Pension Savings Investment Fund, (3) the IRS Sec 501 Employee Benefits Trust, (4) the Insurance Trust, and (5) the Dental Plan Trust.

Projected Expenditures

The special reorganization would result in the transfer of 95 positions, or roughly 26 percent of the department's staff, to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The Personnel Department contracts with several agencies for specialized services. The majority of contract dollars pay for benefits including civilian health benefits, fire health benefits, police health benefits, civilian dental benefits, and civilian life insurance. The department also uses outside vendors for employee training, advertising, systems development, executive recruitment, employee benefits consulting, discrimination investigation, benefits administration, contract hospitals, and physician services.

It is assumed that the new Valley City will need to establish its own agreements with benefit contractors. The cost of these contracts may be proportional to the number of employees transferred to the Valley but is ultimately determined by the enrollment-related demographics of the group.

Projected Revenues

The department has historically received the majority of its funding (90% in fiscal year 2000-01) from the City's General Fund. The remaining 10 percent of the department's funding comes from the Mobile Source Air Pollution Reduction Fund, the Sewer Construction & Maintenance Fund, and the City Employees Ridesharing Fund.

The Mobile Source Air Pollution Reduction Fund finances the department's air pollution reduction programs and staff positions in the Commuter Services Office. The Sewer Construction and Maintenance (SCM) Fund finances eight departmental positions, six of which provide safety related services for the Hyperion Treatment Plant and are physically located at the Plant. The remaining two positions represent the proportionate amount of time that personnel support services are provided to SCM entry-level and promotional candidates. In fiscal year 2000-01, five of the eight SCM-funded positions will be transferred to other departments. The City Employees Ridesharing Fund is used to finance the City's ridesharing program. Monies received from City employees for parking privileges at all City owned lots, or privately owned lots where the City leases space for parking by City employees, are deposited into the Fund. Monies collected from vanpool fares are also deposited into the Fund, along with monies collected from approved personal use of vanpool vehicles.

It is expected that the new Valley City will receive Mobile Source and Ridesharing-related funds proportionate to the population in the Valley. However, it is not expected that the new Valley City Personnel Department will receive SCM Funds. It is assumed that the City will retain control of the Hyperion Plant and the departmental services related to it.

With respect to the General Fund revenue for the Valley, the Valley City General Fund would support the new Valley City Personnel Department. All general revenue receipts contributed by residents and businesses in the Valley would be contributed to the new city's General Fund, in accordance with the applicant's proposal for special reorganization.

The following table represents General Fund departmental receipts. The department's gross receipts represent its total cost recovery to the General Fund.*It is assumed in this report that the new Valley City's departmental receipts (primarily for the administration of workers compensation) would be contributed to the Valley general fund.

**PERSONNEL DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other General Government Services	\$50,200
Quasi-External Transactions	\$ 4,733,796
Other Current Service Charges	\$110,000
Miscellaneous Revenues	\$2,000
Reimbursement from Other Funds	\$374,944
Total	\$5,270,940

Planning Department

The Planning Department performs various functions related to the development of the City. It prepares and maintains a General Plan for the development of the City including such elements as land use, conservation, circulation, service systems, highways, public works facilities, branch administrative centers, schools, recreational facilities, and airports. It regulates the use of privately owned property through zoning regulations and state laws and through the approval of proposed subdivisions. It investigates and reports on applications for amendments to zoning regulations and handles zone variance applications. The department also conducts studies relating to environmental quality, and provides advice and assistance relative to environmental matters. The Planning Commission reviews all City requests for the acquisition of land for public use and the disposition of surplus land.

Distribution of Service Within City

The Planning Department generally performs two functions: (1) long-range planning and (2) case processing. Case processing essentially deals with the implementation of the long-range plan. The long-range planning function is performed at the department's downtown offices located at 221 North Figueroa Street. Case processing pertaining to the Community Planning Areas comprising the Valley is generally performed at the Valley Community Planning Division located at 6255 Van Nuys Boulevard. However, if a project under consideration by the Valley Division is complex in nature, for example, if it has regional significance, the following services are provided downtown:

1. Clearance of Q Conditions
2. Plan Approval sign-off
3. Conditional Use Plan Approval
4. Site Plan Review
5. Annual Report of development agreements
6. Certificate of Compliance
7. Zone Boundary Adjustments
8. Zoning Administration case sign-off
9. Commission case sign-off
10. Design Review
11. Historic Preservation Overlay Zone
12. Coastal Permit sign-off.

The department also operates two Public Counters located at 6251 Van Nuys Boulevard and 201 North Figueroa Street. The Counters accept and review land use applications, administer issuance of Zoning Consistency Determination, and counsel applicants on all City requirements for development. The Public Counter located in the Valley generally serves applicants with projects located in the Valley's Community Planning Areas. The downtown Counter generally serves applicants with projects located in the remainder of the City.

Proposed Apportionment

The proposed apportionment seeks to have the new Valley City assume responsibility of the services the Valley currently receives from the Planning Department. Such an apportionment could be accomplished by transferring to the new Valley City those department personnel that, as of fiscal year 2000-01, provide services to the Valley and a proportionate share of the assets used to provide direct administrative support to the department.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. According to the City's fiscal year 2000-01 budget the department had 306 positions, of which 49 are Commissioners.

The department is comprised of ten divisions/units, the functions of which are described in the table below.

**PLANNING DEPARTMENT
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Administrative Service Division	Provides administrative, personnel, financial and operational support to the Department.
Office of Zoning and Administration	Responsible for zoning-related issues.
Valley Planning Division	Handles all Valley-specific planning concerns and runs the Public Office.
West/Coastal Community Planning Division	Handles all West/Coastal-specific planning concerns and runs the Public Office.
Metro/East/South Community Planning Division	Handles all Metro/East/South-specific planning concerns and runs the Public Office.
Case Management	Assists in identifying plan entitlements, resolves issues between applicants and City Agencies, and assists applicants in case filing procedures.
General Plan/Zoning Consistency	Responsible for Plan Approvals, Site Plan Review cases, Development agreement Annual Reports, Zone Change revisions, Community plan and Zone Map review & Plan Consistency corrections.
Systems and GIS Division	Responsible for the Department's IT needs; implements PCTS; supports ZIMAS; Maintains and produces computer generated planning maps and automated maps.
Playa Vista	Provides support, including plot plan approval, permit sign-offs, etc. for projects pursuant to the Playa Vista Area D Specific Plan.
Airports	Provides support relevant to the LAX and Van Nuys Airport Master Plans.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division/unit providing service to the Valley. As shown in the table below, it is estimated that a total of 84 positions provide service to the Valley. This estimate is based on the fiscal year 2000-01 budget. A special reorganization would thus result in 32.7 percent of the department's staff being transferred to the new Valley City.

**PLANNING DEPARTMENT
ALLOCATION OF WORKLOAD AND STAFF**

<u>Unit</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management & Related Services Division	Proportion of mgmt. to total staff	8	3
Administrative Service Division	Proportion of administrative staff to total staff	33	11
Office of Zoning and Administration	Valley Plan. Div. proportion of Comm. Plan. Bureau	54	18
Citywide Planning Division	Valley Plan. Div. proportion of Comm. Plan. Bureau	30	10
Community Planning Bureau			
Valley Planning Division	All--serves the Valley	24	24
West/Coastal Community Plan. Div.	None	17	0
Metro/East/South Comm. Plan. Div.	None	31	0
Case Management	Valley Plan. Div. proportion of Comm. Plan. Bureau	8	3
General Plan/Zoning Consistency	None--new City must create new position	1	0
Systems and GIS Division	Valley Plan. Div. proportion of Comm. Plan. Bureau	44	15
Playa Vista	None	4	0
Airports	None	3	0
Total		257	84

The methodology used to estimate the number of positions providing service to the Valley is as follows. The Management and the Administrative Services Divisions primarily support the activities of the department's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

The Community Planning Bureau can be apportioned according to the geographic location of each of its three divisions: Valley, West/Coastal, and Metro/East/South. Each division generally serves the geographic location in which it is located.

The Citywide Planning, Case Management, and Systems/GIS Divisions can be apportioned using the Valley Planning Division's proportion of the Community Planning Bureau. It is assumed that the Valley Planning Division's proportion of staff is an indicator of the personnel required to implement and process the Valley's planning-related needs.

The General Plan/Zoning Consistency unit is comprised of one City Planner and can therefore not be apportioned. The new Valley City will need to hire a City Planner to fill this position.

The Playa Vista Major Project personnel are committed to Playa Vista planning-related issues and will therefore remain under control of the City. The workload of the Airport division is primarily dedicated to the LAX Master Plan and will therefore remain under control of the City.

Sufficiency of Staff Apportioned to the Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Planning Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new city and retained by the City of Los Angeles.

As shown in the table below, of the department's 257 positions, roughly 69 percent are professional/technical. The professional/technical positions consist of all Planners, Planning Associates, Management Analysts, Research Analysts, Associate Zone Administrators, GIS Specialists and Supervisors, Environmental Associates, Database Architects, Systems Analysts, Cartographers, Graphic Designers, and Accountants. The clerical/administrative category comprises 28 percent of department staff. It includes Secretaries, Planning Assistants, Clerks, Clerk typists, Clerk Stenographers, and Accounting Clerks. Finally, roughly three percent of department staff are either upper management or highly specialized. This category includes the Director of Planning, Deputy Directors of Planning, Principal City Planners, the Chief Zoning Administrator, and the Director of Systems.

To achieve a similar mix of skills and experience among department staff in the new Valley City, the 84 positions apportioned to the Valley would consist of the following: 58 profession/technical positions, 23 clerical/administrative positions, and 3 management/specialists.

PLANNING DEPARTMENT COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	177	69%
Clerical/Administrative	71	28%
Management/Specialists	9	3%
Total	257	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Valley City.

The Planning Department provides most public counter intake and processing for the Valley's Community Plan Areas at the department's Valley Office located at 6251 and 6255 Van Nuys Boulevard (same building). This building would be transferred to the new Valley City should a special reorganization occur.

Other assets subject to the proposed apportionment include all files relevant to parcels located in the Valley's Community Planning Areas, the department's standard GIS software, customized GIS systems, and other specialized software and requisite databases. Specialized software includes the Planning Case Tracking System (PCTS) and the Zone Information and Map Access System (ZIMAS). PCTS is a custom software application designed to automate the department's paper case files. ZIMAS is a custom software application, for use by department personnel and the public, designed to automate the department's parcel maps. The ZIMAS application employs Zone Map Automation (ZMA) data that consists of several layers of information such as parcel attributes, zoning, codes, and setbacks.

It is assumed that the City could transfer all relevant paper case files to the new Valley City. The new Valley City, however, would need to lease or purchase its own custom software applications and requisite databases. For the purpose of this analysis, it is assumed that the department's custom software applications were created to accommodate the City's current user needs and would require significant redesign if transferred.

Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development or transfer of equipment and systems to the new Valley City.

Projected Expenditures

The special reorganization would result in the transfer of 84 positions, or roughly 32 percent of the department's staff, to the new Valley City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

Contractual Services

The Planning Department had no contracts over \$100,000 with outside vendors in the fiscal year 2000-01. In prior fiscal years however, the department executed such contracts with vendors that provided expertise in architecture, planning, and systems development.

Projected Revenues

The department has historically received the majority of its funding (81% in fiscal year 2000-01) from the City's General Fund. The remaining 19 percent of the department's funding comes from the Stormwater Pollution Abatement Fund, the Community Development Trust Fund, Proposition C Anti-Gridlock Transit Fund, the City Planning Systems Development Fund, UDAG, and the B&S Systems Development Fund. It is expected that the new City Planning Department will receive proportional financing from these Funds, excluding the Major Projects Review Trust Fund. The Special Fee Agreements comprising the Major Projects Review Trust Fund, with the exception of Playa Vista, expired in 2000. Revenues generated from Playa Vista Special Fees, if any, will remain under control of the City of Los Angeles Planning Department.

Two of the aforementioned funds, however, will be expiring in the near future. The City Planning Systems Development Surcharge will end July 1, 2001, and the Community Development Trust Fund allocation will begin to decrease starting fiscal year 2001-02. This decrease reflects the end of the Census project and its funding.

With respect to the General Fund revenue for the Valley, the Valley City General Fund would support the new Valley City Planning Department. All general revenue receipts contributed by residents and businesses in the Valley would be contributed to the new city's General Fund, in accordance with the Applicant's proposal for special reorganization.

The following table represents General Fund departmental receipts. The majority of the department's receipts represent zoning and subdivision fees, which are estimated to accrue to the proposed new Valley City in proportion to population in the Valley

**PLANNING DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Reimbursement From Other Agencies	\$ 5,000
Zoning and Subdivision Fees	4,455,000
Other General Government Services	2,500
Quasi-External Transactions	300,000
Miscellaneous Revenues	2,000
Reimbursement From Other Funds	496,096
Special	2,348,501
Total	<u>\$ 7,609,097</u>

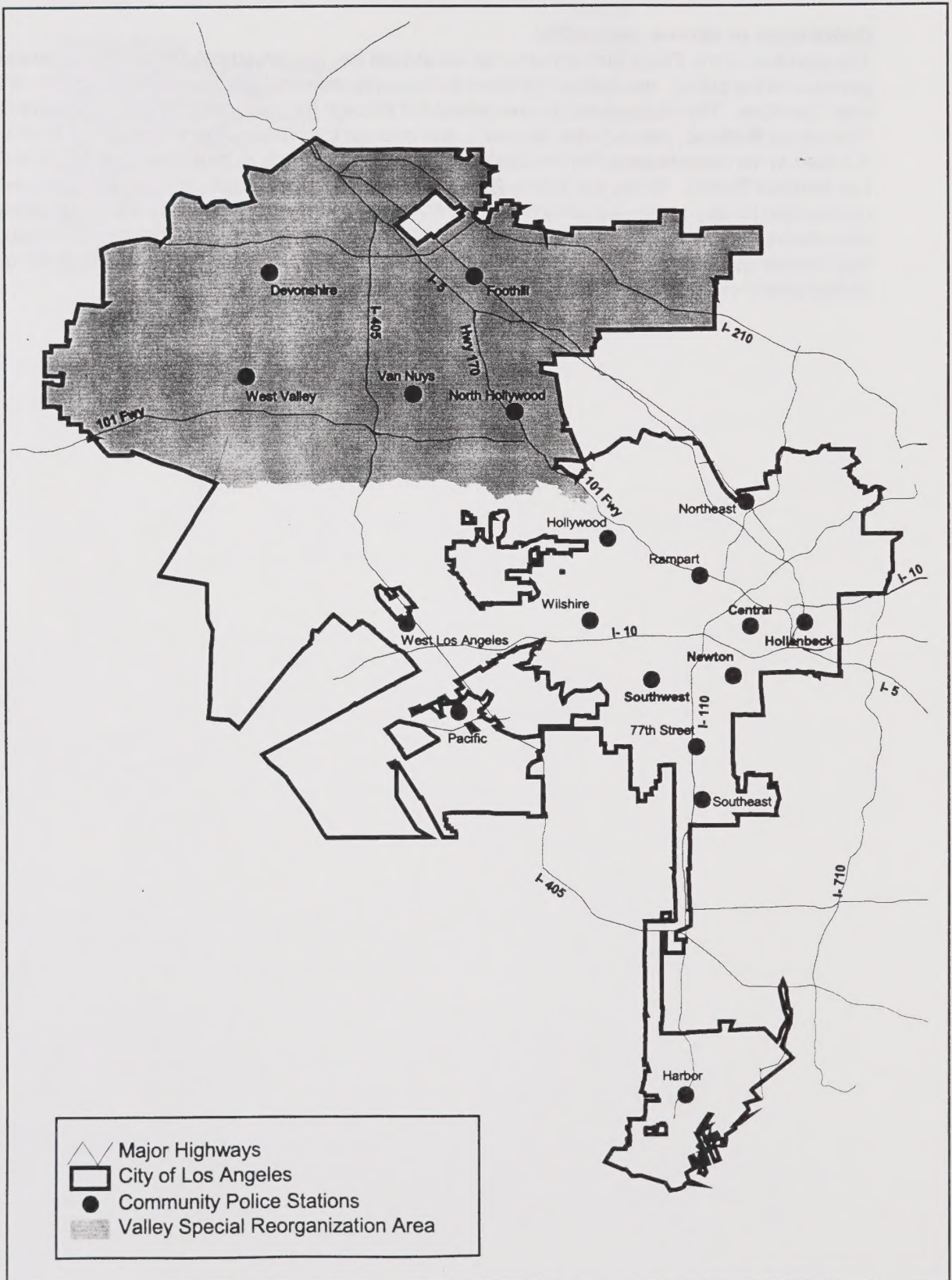
Police

The Police Department is the primary law enforcement agency for the City of Los Angeles. Its functions include patrol, preventing and investigating crime, and enforcing traffic laws.

Distribution of Service within City

The activities of the Police Department can be divided into two broad categories: direct services provided to the public, and indirect services that provide technical and operational support for these direct services. The direct services are carried out through the department's geographically dispersed Operations Bureaus, called "Area" Bureaus, and through the Headquarters Operations Bureau, which is based at the department's Parker Center headquarters building in downtown Los Angeles (150 N. Los Angeles Street). There are 4 Area Bureaus – West, Central, South, and Valley – and each is responsible for day-to-day law enforcement within a specific region of the City (see map below). Each Area Bureau has between 4 and 5 community police stations. The Valley Operations Bureau, which has 5 police stations, serves a region with boundaries conforming almost precisely to those of the Valley special reorganization area.

City of Los Angeles Community Police Stations



The Headquarters Operations Bureau serves the entire City, providing both support to the Area Bureaus and specialized law enforcement resources in such areas as financial crimes, armed robbery and homicide, organized crime, and narcotics. While most Headquarters Bureau staff and facilities are located in downtown Los Angeles, some specific activities have staff and facilities distributed in various regions across Los Angeles, including in the Valley. For example, the Bureau's Air Support operations, which operates the department's helicopter fleet, is based in the Valley at Van Nuys Airport. These distributed resources are discussed in greater detail in the "Proposed Apportionment" section below.

In addition to direct services provided to the public, the department's activities include numerous indirect services that provide technical and operational support for these direct services. These indirect support services include extensive information and communications systems, training facilities, vehicle fleet services, and scientific investigation resources. Most of these services are centrally located in downtown facilities, such as in the department's Parker Center headquarters and Piper Technical Center (555 Ramirez Street, Los Angeles). Some of these services, however, are delivered through facilities distributed in various regions of the City, including in the Valley. Among the distributed services located in the Valley are the following: a major training facility (12001 Blucher Avenue, Granada Hills); five vehicle fleet repair shops; information and communications systems (including a major back up emergency/dispatch facility being constructed in West Hills); and scientific investigation resources. These distributed resources are discussed in greater detail in the "Proposed Apportionment" section below.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Police Department. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Valley, with the exception of department personnel responsible for centralized information and communications systems and for certain centralized equipment and functions that cannot feasibly be transferred. For those department staff that remain employees of the City of Los Angeles but provide services to the new Valley City, it is envisioned that these employees would perform this work under the terms of a contract agreement between the City of Los Angeles and the Valley City. (2) the five police stations located in the Valley Bureau, as well as the resources based at those stations; and (3) a proportionate share of the department's centralized administrative and operational equipment and other assets, with the exception of centralized information and communications systems and certain other centralized assets that cannot feasibly be transferred. For the centralized equipment and other assets that remain the property of the City of Los Angeles but continue to provide services to the new Valley City, it is envisioned that the Valley City would contract with the City of Los Angeles to continue these services.

Transfer of City Personnel

In order to estimate the number of department staff providing services to the Valley, a review of the differing functions and mandates of the department has been undertaken. The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley.

For fiscal year 2000-01 the Police Department has 13,650 budgeted positions, five of which are Commissioners on the Board of Police Commissioners. The department is divided into 10 divisions, the functions of which are described in the table below.

POLICE DEPARTMENT INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Office of the Chief of Police	Manages the department's daily operations.
Police Commission	Provides oversight of department operations and sets department policies.
Operations, Valley Bureau	Provides law enforcement in department's Valley Bureau area.
Operations, West Bureau	Provides law enforcement in department's West Bureau area.
Operations, Central Bureau	Provides law enforcement in department's Central Bureau area.
Operations, South Bureau	Provides law enforcement in department's South Bureau area.
Operations, Headquarters Bureau	Provides specialty law enforcement resources and supports the operations of the geographically dispersed Operations Bureaus.
Human Resources Bureau	Responsible for personnel issues, employee relations, employee training, and psychological services.
Information & Communications Services Bureau	Responsible for department's information technology systems, 9-1-1 Public Safety Answering Point system, and radio communications.
Fiscal and Support Bureau	Administers department budget; manages payroll, facilities, evidence and purchasing.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 3,374 positions provide services to the Valley, excluding those positions that currently provide services to the Valley but, as will be discussed in more detail below, are envisioned to remain with the City of Los Angeles while providing services to the Valley on a contractual basis. A special reorganization would thus result in 3,374 positions, or roughly 24.7% of the department's non-Commissioner staff, being transferred to the new Valley City.

**POLICE DEPARTMENT
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Office of the Chief of Police	Proportion of employees	835	230
Police Commission	Proportion of employees	65	18
Operations, Valley Bureau	Location of employees/service area	2062	2,062
Operations, West Bureau	Location of employees/service area	1750	0
Operations, Central Bureau	Location of employees/service area	1920	0
Operations, South Bureau	Location of employees/service area	1,754	0
Operations, Headquarters Bureau	Proportion of employees/Portion of staff not transferred	2,259	526
Human Resources Bureau	Proportion of employees	807	222
Information & Comm. Services Bureau	Staff not transferred	744	0
Fiscal and Support Bureau	Proportion of employees (Portion of staff not transferred)	1,449	316
Total		13,645	3,374

* Number of positions per division based on the 1999-00 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For staff in the four Area Operations Bureaus (Valley, West, Central, and South), the apportionment method used is based on employee location and Bureau service area. Because all Valley Bureau personnel are assigned to police stations located in the Valley, and because the Valley Bureau service area conforms almost precisely to the boundaries of the Valley special reorganization area, all Valley Bureau staff are apportioned to the new Valley City. As of fiscal year 1999-00, Valley Bureau positions made up 2,062, or 27.5%, of the 7,486 positions assigned to four Area Operations Bureaus.

For the Information and Communications Services Bureau, no personnel are apportioned to the new Valley City. This is because it is assumed in this report that, for both financial and technological reasons, the Valley City will initially contract for its major information and communications technology services with the City of Los Angeles. (See section "Transfer of Equipment and Facilities" below for a description of the Police Department's major information/communications technology systems. See also chapter "Information Technology Agency" for a discussion of the proposal for providing the Valley City with information and communications technology services.)

Similarly, for the Fiscal and Support Bureau, this report assumes that a portion of the positions in this division currently providing services to the Valley will remain employees of the City of Los Angeles but provide services to the Valley under the terms of a contractual agreement. This positions envisioned providing contractual services to the Valley are a portion of those in the Bureau's Scientific Investigations Division (SID) based in downtown Los Angeles, and those in the Motor Transport Division based in the Division's downtown fleet repair facility. In both cases, specialized facilities and equipment essential for providing adequate levels of services cannot feasibly or economically be divided between the Valley City and City of Los Angeles or duplicated in the new Valley City. (See section "Transfer of Equipment and Facilities" below for a discussion of the need for the Valley City to contract for these services.)

This report also assumes that all positions in the Headquarters Operations Bureau's Transit Group will remain employees of the City of Los Angeles and continue providing services to the Los Angeles County Metropolitan Transportation Authority ("MTA"). Because these positions are funded by MTA under the terms of a contract between the MTA and the City of Los Angeles, a special reorganization will not make it necessary for a contractual agreement to be formed between the City of Los Angeles and a new Valley City related to these positions should a special reorganization occur.

Another assumption with respect to the Headquarters Operations Bureau is that positions in the Bureau's Air Support Division ("ASD") currently providing services to the Valley will remain employees of the City of Los Angeles but provide services to the Valley under the terms of a contractual agreement. These positions are assumed to remain with the City of Los Angeles due to practical constraints in dividing certain personnel and equipment associated with ASD.

For the remaining positions in the Fiscal Operations and the Headquarters Operations Bureaus, as well as for the department's other three major departmental divisions – Office of the Chief of Police, Police Commission, and Human Resources – the number of positions providing service to the Valley is estimated based on the proportion of employees in the department's Area Operations Bureaus providing services to the Valley. The rationale for this apportionment is that much of the workload for these divisions involves supporting the activities of the department's four Area Operations Bureaus, who provide the bulk of the department's direct services. Thus the number of staff in the Valley Operations Bureau as a percentage of all Area Operations Bureau staff (27.5%) provides a measure of the percentage of positions in these support divisions providing services to the Valley.

The Police Department has also budgeted for a small number of "as needed" positions. A proportional amount of the cost for these positions is assumed transferred to the Valley City in proportion to the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Police Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 13,645 non-Commissioner positions, roughly 87.5% are professional/technical. The professional/technical positions consist of all the department's Police Officers and Police Detectives, systems analysts, specialists in various trades (e.g., automotive mechanics, electricians, and welders), Management Analysts, and various crime investigation personnel (e.g., fingerprint experts, criminalists, and polygraph examiners). The clerical/administrative category comprises 12.2% of department staff. It includes Typists, Secretaries, Stenographers, and other clerical staff. Finally, roughly 0.3% of department staff are either upper management or highly specialized. Among these positions are all those designated "Chief" (e.g., Chief of Police, Chief Forensic Chemist, Chief Psychologist), Deputy and Assistant Chiefs, and Police Commanders. This category also includes the Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 3,374 positions apportioned to the Valley would consist of the following: 2,952 professional/technical, 412 clerical/administrative, and 10 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

**POLICE DEPARTMENT
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	11,939	87.5%
Clerical/Administrative	1,665	12.2%
Management/Specialists	41	0.3%
Total	13,645	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. This would include: (1) transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City; and (2) transferring a proportionate share of centrally located equipment and other assets to the new Valley City, with the exception of certain asset categories discussed below. This proposed apportionment is discussed below, organized with reference to the department Bureau that uses the facilities and/or equipment.

A. Valley Operations Bureau

The major facilities utilized by the Valley Operations Bureau are the Bureau's 5 Community Police Stations. These stations, all of which are located within the Valley special reorganization area, would be transferred to the new Valley City as part of the proposed apportionment. A list of these police stations, and the services provide at each, is provided in the table below.

**POLICE DEPARTMENT
POLICE STATIONS LOCATED IN VALLEY**

<u>Station</u>	<u>Station Address</u>	<u>Services Provided</u>
Van Nuys Police Station (Valley Bureau Headquarters)	6240 Sylmar Ave, Van Nuys, 91401	Valley Bureau Administration, Valley Court Liaison, Valley Traffic Division, Patrol, Detectives, Administrative, Property, Regional Jail, Motor Transport
Devonshire Police Station	10250 Etiwnada Ave, Northridge, 91325	Patrol, Detectives, Administrative, Property, Jail, Motor Transport
Foothill Police Station	12760 Osborne St, Pacoima, 91331	Patrol, Detectives, Administrative, Property, Jail, Motor Transport
North Hollywood Police Station	11640 Burbank Blvd, North Hollywood, 91601	Patrol, Detectives, Administrative, Property, Motor Transport
West Valley Police Station	19020 Vanowen St, Reseda, 91335	Patrol, Detectives, Administrative, Property, Jail, Motor Transport

B. Headquarters Operations Bureau

With respect to the Headquarters Operations Bureau, major equipment and facilities include those associated with the Air Support Division. The Air Support Division provides aerial support of department operations. Among the Division's assets valued at over \$100,000 are 19 helicopters. The Division utilizes two facilities: the Van Nuys Airport (16461 Sherman Way, Van Nuys), which serves as

the base for regular operations; and Piper Technical Center (555 Ramirez Street, Los Angeles), which serves as the air fleet's primary repair and equipment storage facility.

For the Air Support Division's helicopters, the proposed apportionment is based on the percentage of department staff in the Area Operations Bureaus that are estimated to be providing services to the Valley. This percentage – 27.5% as calculated above – applied to the number of helicopters would result in 5 helicopters being transferred to the new Valley City.

With respect to the Air Support Division's facilities, the proposed apportionment applies only to Van Nuys Airport, which is located within the Valley special reorganization area (Piper Technical Center is in downtown Los Angeles). Given the numerous issues related to the transfer of Van Nuys Airport to the new Valley City (e.g., the need for federal approval of such a transfer), it is assumed that the Airport would remain the property of the City of Los Angeles and that the new Valley City would use the Airport under the terms of a contractual agreement.

C. Information and Communications Services Bureau

Most of the equipment and assets associated with the Information and Communications Services Bureau consists of hardware and software used for the department's information and communications systems. The largest such system is the Emergency Command Control Communications System (ECCCS), the department's central command and control system and the Public Safety Answering Point for all police, fire, and emergency medical services. It serves all geographic areas of the City. The ECCCS consists of the following integrated components:

- 9-1-1 Telephone System
- Central Dispatch Center
- Area Command Centers
- Computer-Aided Dispatch
- Mobile Data Communications
- Data Radio Backbone Network
- Voice Radio Backbone Network
- Remote Out-of-Vehicle Emergency Radio System

Another component of the ECCCS, which is scheduled for completion in 2001, is the San Fernando Valley Communications Dispatch Center ("Valley Dispatch Center"), located in West Hills. The Valley Dispatch Center is designed to serve as a 9-1-1/dispatch system for the entire City of Los Angeles on a stand-alone basis. When completed, therefore, the Valley Dispatch Center is envisioned as a back-up dispatch center for the Metro Dispatch Center located in downtown Los Angeles. Funds to construct the Valley Dispatch Center were approved by Los Angeles voters in November 1992 through passage of Proposition M.

In addition the ECCCS, the department utilizes numerous other information systems as part of its operations. Among the more mission-critical information systems include the Crime Mapping Database (CMDB), a custom-designed software application used by the department's Crime Analysis Details. Another key system is the Automated Property Information Management System (APIMS), another custom-designed software application used to manage and track property and evidence. There is also an entire category of systems that manage and identify various records (e.g., criminal and fingerprint records). These include the Automated Fingerprint Identification System (AFIS), the Consolidated Criminal History Reporting System (CCHRS), the Integrated Crime and Arrest Reports System (ICARS), and the California Law Enforcement Telecommunications System (CLETS).

As is discussed in detail in the chapter "Information Technology Agency", in many cases it is not financially or technologically feasible to divide these integrated, highly customized information and communications systems in separate systems that both the Valley City and the City of Los Angeles could operate independently. This is particularly true for the ECCCS system, but several other systems fall into this "non-divisible, non-duplicable" category as well. For this reason, this report

assumes that the City of Los Angeles will provide the Valley City with the necessary information and communications technology services under the terms of a contractual agreement.

D. Fiscal and Support Bureau

Because of the variety of functions it performs, the Fiscal and Support Bureau utilizes a wide variety of facilities, equipment and other assets. This discussion focuses on the apportionment of the major assets associated with this Bureau. Four specific asset categories are discussed: (1) jails; (2) the vehicle fleet; (3) stored evidence and seized and donated property; and (4) equipment and facilities associated with the Bureau's Scientific Investigation Division.

The department operates nine Area Jails and three Regional Jails. Of these, three Area Jails and one Regional Jail are located in the Valley (see table below). Under the proposed apportionment, the jails located in the Valley would be transferred to the new Valley City.

POLICE DEPARTMENT JAILS LOCATED IN THE VALLEY	
<u>Jail</u>	<u>Address</u>
Valley Regional Jail	6240 Sylmar Ave, Van Nuys, 91401 (Van Nuys Police Station)
Devonshire Area Jail	10250 Etiwnada Ave, Northridge, 91325 (Devonshire Police Station)
Foothill Area Jail	12760 Osborne St, Pacoima, 91331 (Foothill Police Station)
West Valley Area Jail	19020 Vanowen St, Reseda, 91335 (West Valley Police Station)

One potential with respect to the transfer of jails is that Valley Regional Jail is one of only two jails citywide where female arrestees can be booked. The transfer of this facility to the Valley would thus leave the remaining City of Los Angeles with one facility – the 77th Street Regional Jail – that books female arrestees. It is therefore possible that the City of Los Angeles might, at least in the short term, suffer from a shortage of facilities equipped to book female arrestees. If upon further study by the Los Angeles Police Department such a short-term shortage is anticipated, it is assumed in this report that the Valley City and the City of Los Angeles would enter into an agreement for the sharing of jail facilities for female arrestees.

Another broad category of assets associated with the Fiscal and Support Bureau is the department's vehicle fleet. The department's vehicle fleet (excluding Air Support helicopters) consists of 4,040 vehicles categorized as patrol cars, hybrid patrol cars, plain cars, motorcycles, and miscellaneous vehicles (e.g., trucks, buses, vans). These vehicles are assigned both to the geographically distributed Operations Bureaus and to the department's central offices. There are also 22 automotive repair shops – one at each of the department's 17 Area Police Stations, and 5 located in the downtown Los Angeles area – that provide repair, maintenance, and other services to the fleet.

With respect to the department's 4,040 vehicles, 579 are assigned to the Valley Bureau. Under the proposed apportionment, these vehicles would be transferred to the new Valley City. It is also assumed that an additional 418 vehicles would be transferred to the Valley. This would result in a total of 998 vehicles being transferred to the Valley, which, at 24.7% of all vehicles, is consistent with the level of staffing that would be transferred to the Valley.

With respect to the 22 automotive repair shops, 5 are located in the Valley Bureau. These 5 shops would also be transferred to the new Valley City. One issue with respect to repair shops is that as currently configured, the 5 Valley auto repair shops can perform most routine repair and maintenance, but are unable to do specialized work such as vehicle modification, component rebuilding, and major auto body repairs. It is therefore assumed in this report that the Valley would contract with the City of Los Angeles for specialized service for its Police Department vehicle fleet.

A third broad category of assets associated with the Fiscal and Support Bureau is evidence and property. Regarding evidence stored by the department, it is generally assumed that the Valley would receive evidence relevant to matters that, subsequent to a special reorganization, would fall within its jurisdiction. With respect to property seized by or donated to the department, it is generally assumed that such property would be apportioned to the new Valley City based on an apportionment similar to that of other assets, with 24.7% of such assets being transferred to the Valley.

A fourth broad category of assets associated with the Fiscal and Support Bureau are those of the Bureau's Scientific Investigation Division (SID). SID provides specialized scientific and technical services for all forensic investigations. The Division's primary facility is the department Parker Center Headquarters (150 N. Los Angeles Street, Los Angeles), but it also has a Valley Unit with a facility in Van Nuys (6240 Sylmar Avenue). Under the proposed apportionment, the Valley Unit SID facility, and all the equipment and other resources located at that facility, would be transferred to the new Valley City.

There are, however, two issues related to the transfer of SID assets to the Valley. First, the Valley SID cannot provide adequate services as a stand-alone facility. As currently configured, the Valley SID performs relatively few functions and depends extensively on the central facility's larger staff and more specialized equipment. And second, the downtown SID facility houses highly specialized, highly expensive laboratory equipment that cannot be economically or practically divided. For these reasons, this report assumes that, subject to a contractual agreement, the City of Los Angeles will provide the Valley with services currently available only at the downtown SID facility.

E. Human Resources

The major facilities and equipment associated with the Human Resources Bureau are the department's officer training facilities. Most department training occurs at two facilities: the Ahmanson Recruit Training Center in Westchester (5651 W. Manchester Ave.), and the Edward Davis Emergency Vehicle Operations Center and Firearms/Tactics Training Center in the Valley (12001 Blucher Ave., Granada Hills). The Ahmanson facility focuses on new recruit training, while the Davis facility provides training in driving skills, firearms, and tactics. Under the proposed apportionment, the Davis facility would be transferred to the new Valley City.

One issue related to the proposed transfer of the Davis facility to the Valley is that the Davis facility is the only facility in the Los Angeles area that provides certain types of training (e.g. driver training, firearms and tactics training). Moreover, the Davis facility is currently not configured to serve as a large-scale new recruit training center. For the purposes of this report, therefore, it is assumed that a new Valley and the City of Los Angeles will form an agreement to share these training facilities with one another on as needed basis. It is also assumed that the costs of providing services under these reciprocal agreements will be substantially equal for both parties, thus obviating the need to account for these agreements in this report's analysis of contractual service costs.

Transition of Service to New City

It is assumed that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$891.8 million. As shown in the table below, the majority of department expenditures (roughly 89%) are for staff salaries.

**CITY OF LOS ANGELES – POLICE DEPARTMENT
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 790,388,431
Expenses	36,076,908
Equipment	9,469,198
Interdepartmental Charges	55,913,188
 Total Expenditures	 \$ 891,847,725

In estimating expenditures for the Police Department in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of Police Department services is estimated to require 3,374 positions throughout the entire planning period.

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is roughly \$8.4 million, virtually all of which is for information technology services. Given the assumption that the City of Los Angeles will provide the Valley with information and communications technology services, these costs will not transfer to the Valley City. As discussed above, however, this report assumes that the Valley will contract with the City of Los Angeles for information technology services, for services related to the department's Scientific Investigation Division (SID), for services related to the Air Support Division (ASD), and for specialized fleet maintenance services. It is estimated that these contract services will cost the Valley the equivalent of 291 civilian and 22 sworn police department positions, consisting of 205 information technology positions, 70 positions related to SID, 25 related to ASD (22 of which are sworn), and 13 fleet-maintenance related positions. Given an average per-employee salary in the department of and an overhead ("CAP") rate of 43.43% for civilians and 94.5% for sworn positions,⁴⁷ the Valley's annual contract cost for these services is estimated to be \$26.6 million.

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Police Department in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

⁴⁷ CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Police Department employees. The rate consists of the sum of the Fringe Benefit rate (25.69% civilian, 36.38% sworn), Central Services (15.23% civilian, 19.96% sworn), and Department Administration and Support (2.51% civilian, 38.18 sworn, field support rate).

**CITY OF LOS ANGELES – POLICE DEPARTMENT
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 849,356,139
Traffic Safety Fund (4)	1,679,254
Local Public Safety Fund (34)	22,220,000
Local Law Enforcement Block Grant Fund (45)	10,155,332
Supplemental Law Enforcement Services Fund (46)	8,437,000
 Total	 \$ 891,847,725

It is assumed that each of the revenue sources above could be transferred to the new Valley City based on the percentages shown on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Police Department fiscal year 2000-01. Most of the Police Department receipts are associated with fees for services it provides, and these fees would likely be contributed to the Valley City's general fund. It is therefore assumed that these revenues could be transferred to the new Valley City based on the population in the Valley.

**POLICE DEPARTMENT
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other Licenses and Permits	\$ 154,500
Reimbursements from other Agencies	200,000
Revenue from other Agencies	0
Other General Government Services	0
Special Police Department Services	12,883,861
Quasi-External Transaction	8,100,000
Other Current Service Charges	3,602,000
Quasi-External Transaction	25,580,000
Forfeitures and Penalties	1,204,000
Contributions from Non-Government Sources	0
Miscellaneous Revenues	740,000
Reimbursements from other Funds	120,000
Reimbursement – Grant Receipts	2,246,351
Reimbursement from other Funds	0
Quasi-External Transaction	154,371
Other Financing Sources	0
Special	200,000
 Total Police	 \$ 55,185,083

Public Works – Board of Public Works

The Board of Public Works manages the Department of Public Works and is responsible for the department's seven Bureaus: Accounting, Contract Administration, Engineering, Management-Employee Services, Sanitation, Street Lighting, and Street Services.⁴⁸ Public Works is the only City department managed by a full-time policymaking board, which consists of five members appointed to five-year terms. In addition to its department-wide policymaking role, the Board receives bids and awards contracts, coordinates graffiti removal and neighborhood clean-ups, provides the department's public relations, and oversees the restoration of certain City landmarks.

Distribution of Service within City

The Board has six downtown Los Angeles offices that house all its employees, with most employees located at its main office at 433 S. Spring Street. The only geographically dispersed service the Board provides is Operation Clean Sweep (OCS), which provides graffiti and litter removal services through contracts with 15 community-based organizations. Each organization is responsible for providing these services within a designated service area. (These services are discussed in greater detail in the "Contractual Services" subsection below.)

Proposed Apportionment

The applicant's proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Board of Public Works. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of Board staff that, as of fiscal year 2000-01, provided services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Board has 63 budgeted positions, five of which are Board Commissioners. The Board is divided into 6 divisions, the functions of which are described in the table below.

PUBLIC WORKS – BOARD OF PUBLIC WORKS INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides overall department oversight and management.
Project Restore	Oversees restoration of City Hall and other cultural landmarks.
Board Secretariat	Organizes and administers Board Office functions, including preparing agendas for Board meetings, receives bids for projects, etc.
Office of Strategic Planning	Responsible for the department's continuous strategic planning process.
Operation Clean Sweep	Coordinates citywide community clean-up and anti-graffiti efforts.
Public Affairs Office	Responsible for public relations, media information, and education programs that describe department activities.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the

⁴⁸ Effective July 1, 2000, the number of Bureaus in the Department of Public Works was reduced from seven to six, consisting of five of the Bureaus that existed previously – Contract Administration, Engineering, Sanitation, Street Lighting, and Street Services – and a newly created Bureau of Finance and Human Services. This new Bureau, which is headed by the newly created position of Director of Public Works, subsumed the Bureaus of Accounting and Management-Employee Services. This report analyzes the department in terms of the prior 7-Bureau structure, but the analysis and results presented apply equally to the new 6-Bureau structure.

Valley. As shown in the table below, it is estimated that a total of 13 positions provide service to the Valley. (This estimate is based on a total of 58 non-Commissioner positions in the Board.) A special reorganization would thus result in 13 positions, or roughly 22.4% of the Board's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BOARD OF PUBLIC WORKS
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	5	1
Project Restore	Proportion of employees	2	0
Board Secretariat	Proportion of employees	16	4
Office of Strategic Planning	Proportion of employees	4	1
Operation Clean Sweep	Proportion of employees	13	3
Public Affairs Office	Proportion of employees	18	4
Total		58	13

*Positions per division based on the Board's 1999-00 organization chart. Discrepancies between the total number of budgeted positions in fiscal year 2000-01 and the number of positions shown on the organization chart were reconciled to match the budgeted number.

All positions in the Board are apportioned to the new Valley City based on the proportion of employees in four separate Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Valley. The logic of this apportionment is that the Board's workload is ultimately the result of the activities carried out by these four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Valley is a reasonable indicator of the percentage of Board staff providing services to the Valley.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Board of Public Works do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 58 non-Commissioner positions, roughly 55.2% are professional/technical. The professional/technical positions consist of Analysts and various information systems personnel. The clerical/administrative category comprises roughly 41.4% of department staff. It includes Clerks, Laborers, and other support staff. Finally, roughly 3.5% of department staff are either upper management or highly specialized. These consist of Management positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 13 positions apportioned to the Valley would consist of the following: 7 professional/technical, 5 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

**BOARD OF PUBLIC WORKS
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	32	55.2%
Clerical/Administrative	24	41.4%
Management/Specialists	2	3.5%
Total	58	

Transfer of Equipment and Facilities

All Board facilities are located in downtown Los Angeles, and therefore no facilities would be transferred to the new Valley City.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Board of Public Works' budgeted expenditures for fiscal year 2000-01 are roughly \$9.0 million. As shown in the table below, salaries and expenses constitute most of the Bureau's expenditures.

**CITY OF LOS ANGELES – BOARD OF PUBLIC WORKS
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 3,745,133
Expenses	4,010,442
Equipment	41,900
Special (Nuisance Alley Conversion Project)	1,075,000
Interdepartmental Charges	96,180
Total Expenditures	\$ 8,968,655

In estimating expenditures for the Board of Public Works in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the Board is estimated to require 13 non-Commissioner positions throughout the entire planning period.

Contractual Services

The Board's fiscal year 2000-01 budget for contractual services is \$3.5 million. For that fiscal year, the only service for which the Board contracted for services was graffiti removal. It is assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Valley (22.4%, as calculated above).

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Board of Public Works in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Board are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – BOARD OF PUBLIC WORKS SOURCES OF FUNDS	
<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 6,646,531
Stormwater Pollution Abatement Fund (7)	116,020
Community Development Trust Fund (8)	1,299,740
Sewer Construction and Maintenance Fund (14)	842,707
Street Light Maintenance Assessment Fund (19)	63,657
Total	\$ 8,968,655

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Valley City would not obtain control of the City's sewer system upon a special reorganization, the Valley City would not need to create its own Sewer Construction and Maintenance Fund. This is because with the Valley City being a contractor to the regional sewer and stormwater systems, the Valley City Board would not incur reimbursable sewer related costs.

With the exception of the Sewer Construction and Maintenance Fund, it is assumed that all other revenue sources could be transferred to the Valley based on the percentages shown on Table R-7 in Appendix II of this report.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Board of Public Works in fiscal year 2000-01. It is assumed that each of these sources of receipts generated by the Board (excluding related costs charged to the SCM Fund) will be available to the new Valley City.

**BOARD OF PUBLIC WORKS
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other Licenses and Permits	\$0
Other State Grants/Agreements	0
Reimbursements from other Agencies	0
Other General Government Services	25,000
Miscellaneous Revenues	7,000
Reimbursement from other Funds	955,911
Other Financing Sources	0
 Total Public Works	 <u>\$ 987,911</u>

Public Works – Bureau of Accounting

The Bureau of Accounting provides accounting and financial services that support the operations of the Department of Public Works. The Bureau's services include general and cost accounting, special fund and project accounting, the processing of various fees, and the development and implementation of accounting and financial information systems.

Distribution of Service within City

The Bureau's activities can be divided into two categories: (1) indirect (i.e., internal support) services for the Department of Public Works; and (2) direct services to the public for Public Works-related billing and payments.

Most of the Bureau's activities take the form of indirect services: i.e., providing accounting and financial services that support the operations of the Department of Public Works. This includes such services as payroll, cost accounting, special funds accounting, and accrual accounting for the City's Sewer Construction and Maintenance Fund. The Bureau provides these indirect services from seven offices, six of which are located in downtown Los Angeles (Bureau headquarters are at 316 W. 2nd Street). The Bureau's only non-downtown office is within the Hyperion Wastewater Treatment Plant facility, located at 12000 Vista Del Mar, Playa Del Rey.

The Bureau also provides some direct services to the public, primarily from its downtown headquarters at 316 W. 2nd Street. These include processing of payments owed by Public Works to vendors and service providers, processing bills owed the City for services provided by Public Works, and industrial waste billings.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Accounting. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of Bureau staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau has 84 budgeted positions. The Bureau is divided into 7 divisions, the functions of which are described in the table below.

**PUBLIC WORKS – BUREAU OF ACCOUNTING
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Responsible for Bureau-wide management and oversight.
Cost Accounting	Responsible for calculating the costs of services rendered by all Bureaus.
General Accounting	Responsible for payroll, accounts receivable, accounts payable, and budgetary accounting.
Special Funds and Projects	Performs budgetary and accounting functions for the Sewer Construction and Maintenance Fund, the Gas Tax, and various other special funds.
Systems	Responsible for Department-wide financial and cost accounting systems.
Sewer Construction & Maintenance Fund Accounting	Performs accounting functions necessary to maintain the Sewer Construction and Maintenance Fund on an enterprise accounting basis; also prepares billings to contractual agencies for shared use of City sewer facilities.
Administrative Services	Provides administrative and clerical support to the Bureau, including budgeting, workload analysis, and work programs.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the Valley. As shown in the table below, it is estimated that a total of 17 positions provide service to the Valley. A special reorganization would thus result in 17 positions, or roughly 20.2% of the Bureau's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BUREAU OF ACCOUNTING
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management	Proportion of employees	5	1
Cost Accounting	Proportion of employees	14	3
General Accounting	Proportion of employees	29	7
Special Funds and Projects	Proportion of employees	19	4
Systems	Proportion of employees	9	2
Sewer Construction & Maintenance Fund Accounting	Proportion of employees	7	0
Administrative Services	Proportion of employees	1	0
Total		84	17

*Positions per division based on the Bureau's 1999-00 organization chart. Discrepancies between the total number of budgeted positions for fiscal year 2000-01 and the number of positions shown on the organization chart were reconciled to match the budgeted number.

All positions in the Bureau are apportioned to the new Valley City based on the proportion of employees in four other Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Valley. The logic of this apportionment is that the Bureau of Accounting's workload is ultimately the result of the activities carried out by these

four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Valley is a reasonable indicator of the percentage of Bureau of Accounting staff providing services to the Valley.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff on every department, staff throughout the Bureau of Accounting do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 84 positions, roughly 62.4% are professional/technical. The professional/technical positions Accountants and Analysts. The clerical/administrative category comprises roughly 35.3% of department staff. It includes Clerks, Secretaries, and other support staff. Finally, roughly 2.3% of department staff are either upper management or highly specialized.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 17 positions apportioned to the Valley would consist of the following: 10 professional/technical, 6 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

BUREAU OF ACCOUNTING COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	52	62.4%
Clerical/Administrative	30	35.3%
Management/Specialists	2	2.3%
Total	84	

Transfer of Equipment and Facilities

As discussed above, no Bureau facilities are located in the Valley. Also, the Bureau has no special assets or equipment. Thus no facilities or special equipment would be apportioned to the new Valley City.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the Board of Accounting to functionally within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau of Accounting's projected expenditures for fiscal year 2000-01 are roughly \$4.2 million. As shown in the table below, salaries constitute most (over 94%) of the Bureau's expenditures.

**CITY OF LOS ANGELES – BUREAU OF ACCOUNTING
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 3,956,809
Expenses	114,140
Equipment	41,460
Interdepartmental Charges	73,739
 Total Expenditures	 \$ 4,186,148

In estimating expenditures for the Bureau of Accounting in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the Board is estimated to require 19 positions throughout the entire planning period.

Contractual Services

During fiscal year 2000-01, the Bureau of Accounting did not purchase any significant contract services

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Accounting in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF ACCOUNTING
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 2,063,393
Stormwater Pollution Abatement Fund (7)	74,495
Sewer Construction and Maintenance Fund (14)	1,859,844
Street Light Maintenance Assessment Fund (19)	139,398
Prop. C Anti-Gridlock Transit Fund (27)	49,018
 Total	 \$ 4,186,148

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Valley City would not obtain control of the City's sewer

system upon a special reorganization, the Valley City would not need to create its own Sewer Construction and Maintenance Fund. This does not mean the Valley City would fund its Bureau of Accounting disproportional to its general fund, only that as a contractor to the regional system, the Valley City Bureau would not incur reimbursable sewer related costs.

For the Bureau's remaining sources of funds, it is assumed these funds can be transferred to the new Valley City, at a level based on the percentages shown on Table R-7 in Appendix II of this report.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Accounting in fiscal year 2000-01. It is assumed that each of these sources of receipts generated by the Bureau (excluding related costs charged to the SCM Fund) will be available to the new Valley City.

**BUREAU OF ACCOUNTING
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Assessments	\$0
Street and Curb Permits	0
Other Licenses and Permits	0
Other General Government Services	176,000
Engineering Inspection Other Services	0
Miscellaneous Revenues	1,000
Reimbursement from Other Funds	1,499,757
Total Accounting	\$ 1,676,757

Public Works – Contract Administration

The Bureau of Contract Administration inspects the City's public works projects. This includes inspecting the materials and construction of all projects within the public right-of-way within the City of Los Angeles. The Bureau also administers contracts and permits related to construction of public works, and ensures that projects comply with state and local work performance laws (e.g., plan specification laws, affirmative action, and prevailing wage).

Distribution of Service within City

The Bureau provides indirect services only, supporting the operations of the Department of Public Works and providing limited support for several other City departments. To deliver these services, the Bureau divides the City geographically into two regions: "Valley" and "Metro." These two regions are further subdivided into 10 "Districts," four of which are in the "Valley" region. The boundaries of the "Valley" region conform closely to the boundaries of the Valley special reorganization area, although the Bureau's "Valley" region is somewhat larger.

The Bureau carries out its activities from seven offices throughout Los Angeles, with its headquarters located downtown at 600 S. Spring Street. Two Bureau offices are located in the Valley: Districts 7 and 8 are based 14410 Sylvan Street, Van Nuys; Districts 9 and 10 are based at 19040 Vanowen Street, Reseda.

Proposed Apportionment

The Applicant's proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Contract Administration. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of Bureau staff that, as of fiscal year 2000-01, provided services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau has 331 budgeted positions. It is divided into 8 divisions, the functions of which are described in the table below.

**PUBLIC WORKS – BUREAU OF CONTRACT ADMINISTRATION
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Responsible for Bureau-wide management and oversight.
Environmental Projects Construction	Administers and inspects activities on City wastewater construction projects.
Metro Construction	Performs contract administration and inspection for construction projects in the Los Angeles metropolitan area.
Valley Construction Division	Performs contract administration and inspection for construction projects in the northern portion of the City (e.g. the Valley and Griffith Park).
Special Construction Division	Responsible for specialized construction inspection activities throughout the City.
General Services	Provides specialized construction inspection and control services for construction operations.
Office of Contract Compliance	Monitors contract compliance on City projects with respect to affirmative action, prevailing wage rates, and other requirements.
Administrative Services	Provides information systems and clerical support, and is responsible for several administrative and budgetary functions.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the Valley. As shown in the table below, it is estimated that a total of 91 positions provide service to the Valley. A special reorganization would thus result in 91 positions, or roughly 27.5% of the Board's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BUREAU OF CONTRACT ADMINISTRATION
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	6	1
Environmental Projects Construction	Proportion of employees	49	0
Metro Construction	Location of employees	45	0
Valley Construction Division	Location of employees	53	48
Special Construction Division	Proportion of employees	51	12
General Services	Proportion of employees	59	14
Office of Contract Compliance	Proportion of employees	39	9
Administrative Services	Proportion of employees	29	7
Total		331	91

*Positions per division based on the Bureau's 1999-00 organization chart. Discrepancies between the total number of budgeted positions and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For positions in two divisions – Valley Construction and Metro Construction – the apportionment method is based on the geographic service area to which the positions are assigned.

Roughly 90% of the Valley Construction division's service area is located within the Valley special reorganization area and provide services to this region. Thus 90% of Valley Construction Division positions are apportioned to the new Valley City.

For the positions in the Bureau's remaining divisions, the apportionment is based on the proportion of employees in four other Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Valley. The logic of this apportionment is that the Bureau of Contract Administration workload is ultimately the result of the activities carried out by these four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Valley is a reasonable indicator of the percentage of Bureau of Contract Administration staff providing services to the Valley.⁴⁹

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Contract Administration do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 331 positions, roughly 86.4% are professional/technical. The professional/technical positions consist largely of Inspectors and Analysts. The clerical/administrative category comprises roughly 11.5% of department staff. It includes Clerks, Secretaries, and various Aides. Finally, roughly 2.1% of department staff are either upper management or highly specialized. These consist of Chief Inspectors and an Assistant Director.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 91 positions apportioned to the Valley would consist of the following: 79 professional/technical, 10 clerical/administrative, and 2 specialist/management. Given its current mix of position categories, the Bureau appears to contain sufficient staff in each category to allow for such a transfer.

BUREAU OF CONTRACT ADMINISTRATION COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	286	86.4%
Clerical/Administrative	38	11.5%
Management/Specialists	7	2.1%
Total	331	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used by the Bureau to provide services to the Valley. This would include: (1) the Bureau's two facilities located in the Valley, as well as the equipment and other assets located at this facility; (2) a proportionate share of all centralized assets used to provide services to the Valley.

⁴⁹ Depending on the ultimate terms of any special reorganization that may occur, staff in the Environmental Projects Construction division may not transfer to the new Valley City, but instead remain employees of the City of Los Angeles while providing services to the Valley through a contractual agreement. This is because the division's activities relate solely to wastewater construction projects, and one scenario for providing wastewater services to any new Valley City involves the new Valley City contracting for these services while all wastewater-related functions and staffing remain with the City of Los Angeles.

The table below lists the two Bureau facilities located in the Valley that would be apportioned to the new Valley City.

**BUREAU OF CONTRACT ADMINISTRATION
FACILITIES LOCATED IN THE VALLEY**

<u>Facility</u>	<u>Facility Address</u>	<u>Service Areas</u>
Districts 7 & 8	14410 Sylvan Street, Van Nuys	Northeast Valley, Southeast Valley
Districts 9 & 10	19040 Vanowen Street, Reseda	Southwest Valley, Northwest Valley

The Bureau has no other special physical assets that would be apportioned to the Valley.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary to functionally operate the Office of Contract Compliance and the Valley Construction Division within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau of Contract Administration's projected expenditures for fiscal year 2000-01 are roughly \$23.8 million. As shown in the table below, salaries constitute most (roughly 93%) of the Bureau's expenditures.

**CITY OF LOS ANGELES – BUREAU OF CONTRACT
ADMINISTRATION
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 22,118,303
Expenses	1,159,224
Equipment	136,350
Interdepartmental Charges	414,528
Total Expenditures	\$ 23,828,405

In estimating expenditures for the Bureau of Contract Administration in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the Bureau is estimated to require 91 positions throughout the entire planning period.

Contractual Services

During fiscal year 2000-01, the Bureau of Contract Services did not purchase any significant contract services.

Departmental Start-Up Costs

The Bureau would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Contract Administration in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on several other-funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – BUREAU OF CONTRACT ADMINISTRATION SOURCES OF FUNDS

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 16,276,238
Special Gas Tax Street Improvement Fund (5)	560,000
Stormwater Pollution Abatement Fund (7)	239,151
Sewer Construction and Maintenance Fund (14)	6,115,915
Street Light Maintenance Assessment Fund (19)	365,292
Prop. C Anti-Gridlock Transit Fund (27)	271,809
Total	\$ 23,828,405

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Valley City would not obtain control of the City's sewer system upon a special reorganization, the Valley City would not need to create its own Sewer Construction and Maintenance Fund. This does not mean the Valley City would fund its Bureau of Contract Administration disproportional to its general fund, only that as a contractor to the regional system, the Valley City Bureau would not incur reimbursable sewer related costs.

For the Bureau's remaining sources of funds, it is assumed that these funds can be transferred to the new Valley City, at a level based on the percentages shown on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Contract Administration in fiscal year 2000-01. It is assumed that the sources of receipts associated with related costs of the Bureau will be available to the new Valley City, at a level that can be estimated based on the percentage of staff citywide that would transfer to the Valley City.

**BUREAU OF CONTRACT ADMINISTRATION
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Construction Permits	\$0
Streets and Curb Permits	2,400,000
Other State Grants/Agreements	0
Other County Grants/Agreements	0
Reimbursement from other Agencies	761,500
Engineering Fees Inspections Other Services	659,167
Transit Shelter Income	0
Quasi-External Transaction	5,575,697
Other Current Service Charges	9,500
Forfeitures and Penalties	5,000
Miscellaneous Revenues	0
Reimbursement from other Funds	4,753,968
Other Financing Sources	0
 Total Contract Administration	 \$ 14,164,832

Public Works – Bureau of Engineering

The Bureau of Engineering provides engineering services for City public works projects. It also provides engineering-related assistance and project oversight on private development projects that affect public right-of-ways or public facilities.

Distribution of Service within City

In describing where and how the Bureau delivers services, it is useful to divide its activities into two categories: (1) indirect support services that include the design, construction and oversight of public works projects such as public buildings, wastewater and stormwater facilities, and City streets; and (2) direct services to the public in the form of issuing permits and checking plans related to private development projects that affect public right-of-ways and public facilities.

The Bureau's indirect support functions include a wide range of engineering services performed primarily to support the activities of other bureaus within the Public Works Department or other City departments. Within Public Works, the Bureau designs and constructs the City's major sewer rehabilitation and replacement projects, flood control Capital Improvement Program (CIP) projects, and street CIP projects. In projects supporting the operations of other City departments, the bureau is taking a lead role in providing engineering services on major construction and rehabilitation projects involving the City's libraries, police facilities, zoo facilities, and Proposition K-funded recreational facilities.

To carry out these indirect support functions, the Bureau divides the City geographically into four "Districts": Metro, Valley, West Los Angeles, and Harbor. The Bureau's "Valley" District boundaries conform almost precisely to those of the Valley special reorganization area. The Bureau deploys staff at numerous offices citywide within each of these districts. Most staff providing indirect support services are based in downtown Los Angeles offices, particularly in the Bureau's headquarters located at 650 S. Spring Street. The Bureau's sole office in the Valley – the Valley District Office located at 14410 Sylvan Street, Van Nuys – also houses staff that provide indirect support services.

The direct services the Bureau provides to the public include issuing permits and plan checking for private development projects that either extend into public right-of-ways or affect public infrastructure. Examples of such projects include the installation of sewers and storm drains, the excavation of public property, and the modification of streets or sidewalks. The Bureau delivers these direct services through numerous "Public Counters" where the public meets directly with Bureau personnel. These Public Counters are located both at several of the Bureau's primary downtown offices and at each of its district offices, including the Valley District Office in Van Nuys.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Engineering. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley, with the exception of personnel whose functions involve the City's wastewater system (It is anticipated that all wastewater related personnel will remain with the City of Los Angeles. See chapter "Bureau of Sanitation" for discussion of the proposed arrangement for providing wastewater services to the Valley.); (2) the Valley District Office facility in Van Nuys, and any equipment or other assets located at this facility; and (3) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau has 976 budgeted positions. It is divided into 7 divisions, the functions of which are described in the table below.

**PUBLIC WORKS – BUREAU OF ENGINEERING
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Provides overall oversight and management of the Bureau.
Bond Program	Responsible for managing the seismic rehabilitation of City Hall, rehabilitation and construction of City libraries, rehabilitation of Los Angeles Zoo, rehabilitation of police facilities, and for Seismic Bond projects.
Wastewater Program	Responsible for design, construction management, and project management related to City sewer system and facilities.
Street Stormwater Program	Responsible for design, construction management, and project management related to City stormwater and flood control projects and facilities.
A/E Consulting Services Program	Provides engineering consulting services to other design offices within the Bureau and to other City departments.
Constituent Services & Permits Program	Responsible for issuing construction-related permits for projects in public right of ways; provides various engineering services to various geographic areas throughout City.
Finance and Administration Program	Responsible for Bureau's budget, human resources, information systems, and various other support services.

As discussed above, it is envisioned that all of the Bureau's wastewater personnel would remain within the City of Los Angeles. Thus the estimate of the number of employees providing services to the Valley does not include positions from the Wastewater Program divisions. For the other divisions in the Bureau, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 202 positions provide service to the Valley. A special reorganization would thus result in 202 positions, or roughly 20.7% of the department's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BUREAU OF ENGINEERING
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Valley</u>	
		<u>Positions*</u>	<u>Allocation</u>
Management	Proportion of employees	11	2
Bond Program	Location of projects/Proportion of employees	74	13
Wastewater Program	Positions not transferred	224	0
Street Stormwater Program	SPAC revenue distribution	53	25
Constituent Services & Permits Program	Location of employees/Proportion of employees	212	79
A/E Consulting Services Program	Proportion of employees	291	60
Finance and Administration Program	Proportion of employees	111	23
Total		976	202

* Positions per division based on the Bureau's 2000-01 organization chart. Discrepancies between the total number of budgeted positions in 2000-01 and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For the Bond Program division, two separate methodologies are used for two differing types of staff positions. The first are those positions assigned to an intra-division group responsible for specific facilities. These facility-specific groups include the following: City Hall Seismic Rehabilitation, Library Facilities Program, Police Facilities Group, Zoo Facilities Group, and Seismic Bond Group. For these positions, the apportionment method is based on the geographic location of projects: specifically, the percentage of all Municipal Facilities Engineering Program projects located in the Valley.⁵⁰ For example, of the 32 library projects listed in the Municipal Facilities Program, 12, or 37.5%, are located in the Valley. It is therefore estimated that 37.5% of the 13 staff positions in the Library Facilities Program group, a total of 5 positions, provide services to the Valley. These 5 positions are thus apportioned to the new Valley City. The same apportionment logic is applied to each of the facility-specific groups within the Bond Program. The result is that 11 of the Bond Program's 61 facility-specific positions, or 18.0%, are apportioned to the new Valley City.

A different apportionment methodology is applied to positions in the Bond Program not assigned to projects on specific facilities. These 13 positions, which are associated with overall division management, are apportioned to the new Valley City on a "proportion of employees" basis by applying the percentage of facility-specific positions (18.0%) as calculated above. Taking 18.0% of these 11 positions results in an apportionment of 2 positions to the Valley. The logic of this apportionment is that the Bond Program's management positions primarily support the division's operations, which consist of the facility-specific groups listed above providing engineering services. Since 18.0% of all facility-specific positions provide services to the Valley, it is estimated that the same percentage of the division's 13 management-related positions provides services to the Valley.

Like the Bond Program division, the Constituent Services and Permit Program division also consists of two groups of positions that require separate apportionment methodologies. The first group consists of "geographically distributed" positions, which are those assigned to offices that serve a particular

⁵⁰ The Municipal Facilities Engineering Program is responsible for the design of all capital improvements to buildings and parking lots that fall under the jurisdiction of Council Controlled Departments, with the exception of wastewater facilities.

geographic area of the City. As of fiscal year 1999-00, a total of 127 positions fall into this category. Of these positions, 47, or 37.6%, are assigned to the Valley District Office. Because these 47 positions are located in and serve the Valley, they are apportioned to the new Valley City.

The second group consists of positions either located in downtown offices or assigned to units that serve the entire City. For these “non-distributed” positions, “proportion of employees” is the apportionment basis; it is calculated by multiplying the percentage of all geographically distributed positions estimated to serve the Valley (37.6%, as calculated above) by the number of non-distributed positions (85). This totals 32 positions. These 32 positions are added to the 47 positions already apportioned, for a total of 79 positions apportioned to the new Valley City. The logic of this apportionment is that the percentage of geographically distributed positions located in the Valley is a reasonable estimate of the degree to which the division’s non-distributed positions provide services to the Valley. Since 37.6% of all geographically distributed positions are located in the Valley, this same percentage factor is applied to the division’s 85 non-distributed positions.

For the Street Stormwater Program division, positions are apportioned to the Valley based on the geographic distribution of revenue the City collects from Stormwater Pollution Abatement Charge (“SPAC”). The SPAC is assessed on all properties in the City in order to treat and abate stormwater. The charge is based on the amount and kind of stormwater runoff a property generates, and is calculated as a function of property size and land use. According to City data, the Valley generated 48% of all SPAC revenues in fiscal year 1998-99. Thus 48% of all Street Stormwater division staff would be apportioned to the new Valley City. The assumption underlying this apportionment is that the regional distribution of SPAC revenues provides a reasonable assessment of stormwater-related service needs in a new Valley City.

Finally, for the Bureau’s remaining three divisions – Management, A/E Consulting Services, and Finance and Administration – the number of positions providing service to the Valley is estimated based on the proportion of employees in the Bureau’s other divisions providing services to the Valley. These three divisions primarily provide internal support for the Bureau’s four service-providing divisions – Bond Program, Constituent Services and Permits, Wastewater, and Street Stormwater. Thus the proportion of employees in the four service-providing divisions that serve the Valley is a measure of the number of Valley-serving positions in the three support divisions.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Engineering do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau’s 976 positions, roughly 80.4% are professional/technical. The professional/technical positions consist of Engineers and Engineer Associates, various Analyst and Associate positions, Architects, and various Program Officers. The clerical/administrative category comprises 15.8% of department staff. It includes Typists, Clerks, various Aides, and other clerical staff. Finally, roughly 3.8% of department staff are either upper management or highly specialized. Among these positions are those designated “Chief” (e.g., Information Chief, Survey Chief), Managers, and Superintendents.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 202 positions apportioned to the Valley would consist of the following: 162 professional/technical, 32 clerical/administrative, and 8 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

**BUREAU OF ENGINEERING
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	785	80.4%
Clerical/Administrative	154	15.8%
Management/Specialists	37	3.8%
Total	976	

As indicated above, the Bureau appears to contain a sufficient number and mix of personnel to allow for a transfer of staff of the magnitude envisioned in the proposed apportionment. However, one issue may arise from such a transfer with possible implications for the Bureau's ability to maintain current service levels. This issue relates to the length of time it takes the City to complete road projects that use federal or state funds. The Bureau's Real Estate Section, a unit within the Bureau's A/E Consulting and Services division that provides real property acquisition services for all of the department's infrastructure projects, is allowed by the California Department of Transportation (Caltrans) to purchase real estate for federal and state funded road projects without first having these real estate purchases approved by Caltrans. The practical implication of the Real Estate Section being "pre-certified"⁵¹ by Caltrans is that City road projects involving federal or state funds take often less time to complete, as the Caltrans process of approving real estate purchases can last over a year. Were a special reorganization to occur, it is possible that a loss of Real Estate Section staff could result in Caltrans revoking the City's pre-certified status, and this could cause delays in some City road projects.

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets the Bureau of Engineering uses to provide services to the Valley. This would include: (1) transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City; and (2) transferring a proportionate share of centrally located equipment and other assets to the new Valley City.

The Bureau's sole facility located in the Valley is its Valley District Office, located at 14410 Sylvan Street, Van Nuys. It assumed for the purposes of this analysis that this facility, as well as the computer hardware and other assets located at or assigned to this facility, would be transferred to the new Valley City upon a special reorganization.

Transition of Service to New City

It is assumed that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$70.3 million. As shown in the table below, the majority of department expenditures (over 91%) are for staff salaries.

⁵¹ The official name for this designation is "Caltrans Level-3 pre-qualified unit". In Southern California, only the City and County of Los Angeles have this designation.

**CITY OF LOS ANGELES – BUREAU OF ENGINEERING
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 64,215,249
Expenses	4,543,997
Equipment	342,965
Special	30,000
Interdepartmental Charges	1,191,911
Total Expenditures	\$ 70,294,122

In estimating expenditures for the Bureau of Engineering in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of Bureau of Engineering services is estimated to require 202 positions throughout the entire planning period.

Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is roughly \$2.3 million. The Bureau contracts for both physical construction services and for several kinds of non-construction technical services (e.g., environmental and geotechnical engineering services). It is assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Valley (20.7%, as calculated above).

Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Engineering in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and Sewer Construction and Maintenance Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF ENGINEERING
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 26,667,406
Special Gas Tax Street Improvement Fund (5)	4,114,000
Stormwater Pollution Abatement Fund (7)	4,849,444
Sewer Construction and Maintenance Fund (14)	34,251,028
Engineering Surcharge (29)	185,944
Proposition K (29)	216,300
 Total	 \$ 70,294,122

One source of funds for the Bureau is the City's General Fund, which contributes nearly 38% of the Bureau's budget in fiscal year 2000-01. The General Fund supports expenditures that cannot be charged to the City's Special Purpose Funds. It is assumed for the purposes of this report that the Valley City will similarly fund any activities not chargeable to a special purpose fund to its own general fund.

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Valley City would not obtain control of the City's sewer system upon a special reorganization, the Valley City would not need to create its own Sewer Construction and Maintenance Fund. This is because that as a contractor to the regional sewer system, the Valley City Bureau would not incur reimbursable sewer related costs. It is thus assumed that no revenues from these Funds will be transferred to the new Valley City. The assumed amount of special purpose fund revenue that would accrue to the Valley City is shown on Table R-7 in Appendix II.

With respect to the Bureau's remaining funding sources – Stormwater Pollution Abatement Fund, the Special Gas Tax Street Improvement Fund, Proposition K, and the Engineering Surcharge – it is assumed that the revenues accruing to these funding sources can be transferred to the new Valley City based on the proportion of employees citywide transferred.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Engineering in fiscal year 2000-01. The Bureau of Engineering in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund.

**BUREAU OF ENGINEERING
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Assessments	\$0
Construction Permits	0
Streets and Curb Permits	2,204,450
Other Licenses and Permits	30,100
Other State Grants/Agreements	0
Reimbursement from other Agencies	100,000
Zoning Fee and Subdivision Fee	546,250
Other General Government Services	2,500
Engineering Fees Inspections Other Services	1,288,080
Street Sidewalk Curb Repairs	0
Engineering Fees Inspections Other Services	150,100
Transit Shelter Income	0
Quasi-External Transaction	250,000
Other Current Service Charges	1,100
Investment Earnings	10,000
Rents and Concessions	70,000
Royalties	0
Proc. of General Fixed Assets Disposal	0
Miscellaneous Revenues	0
Reimbursement from other Funds	13,826,847
Other Financing Sources	0
Special	0
 Total Engineering	 \$ 18,419,427

Public Works – Bureau of Management-Employee Services

The Bureau of Management-Employee Services administers the personnel management program of the Department of Public Works. The Bureau's primary functions relate to the selection, placement, promotion, and evaluation of employees. The Bureau also ensures compliance with civil service rules and departmental personnel rules.

Distribution of Service within City

The Bureau of Management-Employee Services provides indirect services only, supporting the other Bureaus within the Public Works Department on personnel issues such as employee discipline, "Meet and Confer" grievances, and Unfair Employee Relations Practice Claims. The Bureau provides these services primarily from its downtown headquarters office located at 433 S. Spring Street. A limited number of Bureau staff are based at the Hyperion Treatment Plant, located at 12000 Vista Del Mar Boulevard, Playa Del Rey.

Proposed Apportionment

The applicant's proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Management-Employee Services. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of Bureau staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau has 24 budgeted positions. It is divided into 3 divisions, the functions of which are described in the table below.

PUBLIC WORKS – BUREAU OF MANAGEMENT-EMPLOYEE SERVICES INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Executive Office	Provides Bureau-wide management and oversight.
Employee Relations	Responsible for "Meet and Confer" process, MOU interpretation, Unfair Employee Relations Practice claims, and other employee relations issues; also provides Bureau-wide administrative and clerical support.
Liaison/Employment Services	Administers employee discipline, special personnel investigations, drug/alcohol abuse programs, and other personnel issues.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the Valley. As shown in the table below, it is estimated that a total of 5 positions provide service to the Valley. A special reorganization would thus result in 5 positions, or roughly 20.8% of the Bureau's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BUREAU MANAGEMENT-EMPLOYEE RELATIONS
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Executive Office	Staff availability	2	0
Employee Relations	Proportion of employees	10	2
Liaison/Employment Services	Proportion of employees	12	3
Total		24	5

All positions in the Bureau are apportioned to the new Valley City based on the proportion of employees in four other Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Valley. The logic of this apportionment is that the Bureau of Management-Employee Services workload is ultimately the result of the activities carried out by these four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Valley is a reasonable indicator of the percentage of Bureau of Management-Employee Services staff providing services to the Valley.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Management-Employee Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 24 positions, roughly 66.7% are professional/technical. The professional/technical positions consist of Analysts and Supervisors. The clerical/administrative category comprises roughly 29.2% of department staff. It includes Clerks and Secretaries. Finally, roughly 4.1% of department staff are either upper management or highly specialized. This single position is the Bureau's Director.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 5 positions apportioned to the Valley would consist of the following: 3 professional/technical, 1 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff to allow for such a transfer, with the exception of the Management/Specialist category. For this category, the necessary upper management would either have to be supplied from within the Bureau or hired. It is assumed in this fiscal analysis that the Valley City would staff its Director position from the pool of other staff transferred.

**BUREAU OF MANAGEMENT-EMPLOYEE SERVICES
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	16	66.7%
Clerical/Administrative	7	29.2%
Management/Specialists	1	4.1%
Total	24	

Transfer of Equipment and Facilities

The Bureau has no facilities or special equipment that would be transferred to the new Valley City.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau of Management-Employee Services' projected expenditures for fiscal year 2000-01 are roughly \$1.6 million. As shown in the table below, salaries constitute most (roughly 92%) of the Bureau's expenditures.

**CITY OF LOS ANGELES – BUREAU OF
EMPLOYEE-MANAGEMENT SERVICES
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 1,492,418
Expenses	90,797
Equipment	21,840
Interdepartmental Charges	19,558
Total Expenditures	\$ 1,624,613

In estimating expenditures for the Bureau of Management-Employee Services in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the Bureau is estimated to require 5 positions throughout the entire planning period.

Contractual Services

During fiscal year 2000-01, the Bureau of Management-Employee Services did not purchase any significant contract services

Departmental Start-Up Costs

The Bureau would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up

costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Management-Employee Services in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – BUREAU OF MANAGEMENT- EMPLOYEE SERVICES SOURCES OF FUNDS	
<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 922,111
Sewer Construction and Maintenance Fund (14)	658,066
Street Light Maintenance Assessment Fund (19)	44,436
Total	\$ 1,624,613

As further discussed in section "Transfer of Revenue," it has been assumed in this report that the proposed Valley City would not obtain control of the City's sewer system upon a special reorganization. For this reason, the Valley City would not need to create its own Sewer Construction and Maintenance Fund, and thus no portion of this Fund would be transferred to the new Valley City. This does not mean the Valley City would fund its Bureau of Management-Employee Services disproportional to its general fund. It means only that as a contractor to the regional system, the Valley City Bureau would not incur reimbursable sewer related costs.

With the exception of the Sewer Construction and Maintenance Fund, it is assumed that each of the revenue sources in the table above can be transferred to the new Valley City based on the percentages shown on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Management-Employee Services in fiscal year 2000-01. It is assumed the receipts, associated with related costs, generated by the Bureau will be available to the new Valley City based on the percentage of staff citywide estimated to be transferred to the Valley City.

**BUREAU OF MANAGEMENT-EMPLOYEE SERVICES
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other General Government Services	\$ 71,200
Reimbursement from other Funds	262,978
 Total Mgmt-Emp Services	 \$ 334,178

Public Works – Bureau of Sanitation

The Bureau of Sanitation focuses on three activities: solid resources management, wastewater and industrial waste management, and stormwater management. The Bureau's solid resources management activities consist of collecting, processing, and disposing of refuse, recyclables, and yard trimmings. The Bureau's wastewater and industrial waste functions include the conveyance, treatment, and disposition of wastewater and the operation of 4 wastewater treatment plants Citywide. They also involve permitting and monitoring emitters of industrial waste effluent. Finally, in the area of stormwater, the Bureau is responsible for managing the City's stormwater management system and administering the City's flood control programs.

Distribution of Service within City

The Bureau's solid resources activities divide into four operational areas: refuse, recycling, yard trimmings, and various special items. For refuse, the City utilizes three landfills for refuse disposal, all of which are located in the Valley: Sunshine Canyon Landfill (14747 San Fernando Road, Granada Hills), Bradley Landfill (9801 Tujunga Avenue, Sun Valley), and Calabasas Landfill (5300 Lost Hills Road, Agoura).⁵² Sunshine Canyon and Bradley are operated by private companies, while Calabasas is owned and operated by the Los Angeles County Sanitation District. The City also utilizes several refuse transfer stations throughout the City as areas to consolidate refuse for shipping to the landfills.

With respect to recycling, the City utilizes eight materials recovery facilities (MRFs) to process recyclables, three of which are located in the Valley. For yard trimmings, the Bureau utilizes three facilities, all of which are located in the Valley. (These facilities are discussed in greater detail in the "Proposed Apportionment" section below.) Finally, the Bureau provides several special collection and disposal services for dead animals, bulky items, horse manure, and other items.

To provide solid resources services, the Bureau divides the City geographically into six "districts". The combination of two of these districts, East Valley and West Valley, has boundaries that conform almost precisely to those of the Valley special reorganization area. Operations for the Valley are based at two locations: the East Valley Yard (9701 San Fernando Road, Sun Valley), and the West Valley Yard (8840 Vanalden Avenue, Northridge).

The Bureau's wastewater and industrial waste management activities focus on two areas. The first is collecting, conveying, treating, and disposing of sewage for the City and for 27 other agencies that contract with the Bureau for wastewater services. Major components of the wastewater include the City's four sewage treatment plants: Hyperion Treatment Plant, Terminal Island Treatment Plant, Tillman Water Reclamation Plant (located in the Valley at 6100 Woodley Avenue, Van Nuys), and Los Angeles/Glendale Water Reclamation Plant. In addition to operating these treatment plants, the Bureau maintains all of the sewer system's pumping plants and all other physical components of the system (e.g., sewer pipes) within the City. The Bureau also maintains the sewer pipes located outside the City's boundaries if they exceed thirty inches in diameter.

In addition to managing sewage, a second area of emphasis is the monitoring and permitting of businesses and other sources of harmful pollutants (e.g., metals) that flow into the City's sewer or stormwater system. These activities consist of both inspecting potential sources of pollutants and of making technological improvements that reduce the amount of pollutants entering the sewer and stormwater systems.

To provide wastewater services, the Bureau divides the City geographically into eight Districts, and deploys both operations and support staff at facilities throughout the City. Operations staff are concentrated at the District offices and the sewage treatment plants, particularly at Hyperion Treatment Plant (12000 Vista Del Mar, Playa Del Rey). Support and various technical staff are concentrated both at the department's downtown Los Angeles headquarters (433 S. Spring Street) and at offices near downtown at 2335 Dorris Place.

⁵² The Bureau is also currently utilizing the City of Long Beach's South East Resources Recovery Facility to dispose of refuse collected in the Harbor area.

Finally, in the area of stormwater management, the Bureau engages in two primary activities. The first is maintaining the City's storm drain system, primarily through both public education programs and engineering projects aimed at reducing the amount of trash and pollutants that enter the storm drains. The second is ensuring the City's continuing compliance with the numerous regulatory requirements, in particular those of the National Pollutant Discharge Elimination System (NPDES) Permit for stormwater and urban runoff. Stormwater management staff are located in downtown offices at 650 S. Spring Street.

Proposed Apportionment

The applicant's proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Sanitation. Such an apportionment could be accomplished by: (1) the establishment of a contractual agreement between the City of Los Angeles and the new Valley City under which the Valley City would receive wastewater services from the City of Los Angeles. Under such an arrangement, the City of Los Angeles would continue to own, operate, and maintain its wastewater system, including all elements of the system located within the new Valley City; and (2) transferring to the new Valley City all staff and equipment (e.g., trucks, containers) that provide solid resources services to the Valley.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau of Sanitation has 2,421 budgeted positions. The bureau is divided into 17 divisions, the functions of which are described in the table below.

**PUBLIC WORKS – BUREAU OF SANITATION
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management (Executive Division)	Provides overall oversight and management of Bureau.
Administration	Provides administrative and clerical support for the Bureau, including payroll, purchasing, and personnel processing.
Financial Management	Estimates Bureau revenues, monitors expenditures, and provides overall financial management.
Information and Control Systems	Responsible for the Bureau's computer-based systems and services.
Human Resources Development	Develops programs for employee environmental health and safety, training, and emergency preparedness.
Regulatory Affairs	Responsible for regulatory compliance and permitting issues.
Environmental Monitoring	Provides all laboratory testing related to City wastewater and stormwater activities, provides information and research to safeguard employee and public health and to address environmental issues.
Solid Resources Collection	Collects recyclables, refuse, and special items for residences and some City departments.
Solid Resources Engineering & Construction	Provide planning and engineering services to support solid waste collection, management, and infrastructure development.
Solid Resources Citywide Recycling	Manages citywide solid waste recycling programs.
Wastewater Collection Systems	Operates and maintains the City wastewater collection and citywide stormwater conveyance system.
Wastewater Engineering Services	Provides engineering services to the Bureau's wastewater program.
Terminal Island Treatment Plant	Provides wastewater treatment for the Los Angeles Harbor areas.
Hyperion Treatment Plant	Provides wastewater treatment for the City; also provides residuals management and resource recovery related to wastewater.
L.A. Glendale/D.C. Tillman Plants	Provides wastewater treatment and water reuse services for the San Fernando Valley, Glendale, and surrounding Los Angeles areas.
Industrial Waste Management	Responsible for minimizing the amount of harmful pollutants (e.g., metals) that enter the City's wastewater system.
Stormwater Management	Responsible for controlling and eliminating stormwater pollution.

As discussed above, it is envisioned that all of the Bureau's wastewater functions would remain within the City of Los Angeles. Thus the estimate of the number of employees providing services to the Valley is limited to divisions with responsibility for solid resources, stormwater, various administrative functions, and regulatory research. For these divisions, measures of workload and service needs have been identified that provide a basis for estimating the proportion of positions providing service to the Valley. As shown in the table below, it is estimated that a total of 436 positions provide service to the Valley. A special reorganization would thus result in 436 positions, or roughly 18.0% of the department's staff, being transferred to the new Valley City.

**BUREAU OF SANITATION
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management (Executive Division)	Proportion of employees	8	2
Administration	Proportion of employees	65	12
Financial Management	Proportion of employees	65	12
Information and Control Systems	Proportion of employees	59	11
Human Resources Development	Proportion of employees	40	7
Regulatory Affairs	Proportion of employees	14	3
Environmental Monitoring	Staff not transferred	115	0
Solid Resources Collection	Employee service area/Proportion of employees	794	322
Solid Resources Engineering & Construction	Proportion of employees	97	40
Solid Resources Citywide Recycling	Proportion of employees	26	10
Wastewater Collection Systems	Staff not transferred	310	0
Wastewater Engineering Services	Staff not transferred	46	0
Terminal Island Treatment Plant	Staff not transferred	63	0
Hyperion Treatment Plant	Staff not transferred	481	0
L.A. Glendale/D.C. Tillman Plants	Staff not transferred	96	0
Industrial Waste Management	Staff not transferred	105	0
Stormwater Management	SPAC revenue distribution	37	17
Total		2,421	436

* Positions per division based on the Bureau's 1999-00 organization chart. Discrepancies between the total number of budgeted positions and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Valley is as follows. In the area of solid resources, the Solid Resources Collection division contains two categories of positions that require separate apportionment methodologies. The first group consists of those assigned to specific geographic services areas and therefore are apportioned based on these service areas. All positions assigned to the division's East Valley and West Valley Districts are apportioned to the new Valley City. This is because the combined boundaries of these two Districts conform almost precisely to those of the Valley special reorganization area. This totals 295 positions, or 40.6%, of the 727 positions in the division assigned to specific geographic service areas.

The second group of positions in the Solid Resources Collection division consists of those not assigned to specific geographic service area. These 67 positions, which are associated with overall division management and support, are apportioned to the new Valley City on a "proportion of employees" basis by applying the percentage of geographic-specific positions estimated to provide service to the Valley (40.6%) as calculated above. Taking 40.6% of these 67 positions results in an apportionment of 27 positions to the Valley from this group. Adding these 27 positions to the 295 positions calculated above results in a total apportionment of 322 positions. The logic of this

apportionment is that the Solid Resources Collection division's management and support positions primarily support the division's geographic-specific operations. Since 40.6% of all geographic-specific positions provide services to the Valley, it is estimated that the same percentage of the division's management-related positions provide services to the Valley.

For the two other divisions with responsibility for solid resources – Solid Resources Engineering & Construction and Solid Resources Citywide Recycling – the apportionment is made based on the proportion of employees in the Solid Resources Collection division (40.6%, as calculated above) apportioned to the Valley.

For the Stormwater Management division, positions are apportioned to the Valley based on the geographic distribution of revenue the City collects from Stormwater Pollution Abatement Charge ("SPAC"). The SPAC is assessed on all properties in the City in order to treat and abate stormwater. The charge is based on the amount and kind of stormwater runoff a property generates, and is calculated as a function of property size and land use. According to City data, the Valley generated 48% of all SPAC revenues in fiscal year 1998-99. Thus 48% of all Stormwater Management division staff would be apportioned to the new Valley City. The assumption underlying this apportionment is that the regional distribution of SPAC revenues provides a reasonable assessment of stormwater-related service needs in a new Valley City.

Positions in the all other divisions are apportioned to the Valley using a "proportion of employees" method. All positions apportioned in this manner are within "support" divisions that provide technical and administrative support to other Bureau divisions that provide direct services. The assumption is that the proportion of direct service division employees providing services to the Valley is a reasonable indicator of the proportion of support division employees providing services to the Valley.

The department has also budgeted for a small number of "as needed" positions for fiscal year 2000-01. A proportional amount of the cost for these positions is assumed transferred to the Valley City in proportion to the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Street Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 2,421 positions, roughly 68.8% are professional/technical. The professional/technical category includes a variety of positions, including Operators, Inspectors, and Engineers and Analysts. The clerical/administrative category comprises roughly 26.7% of department staff. It includes Secretaries, Clerks, Trainees, Workers, and other support staff. Finally, roughly 4.5% of department staff are either upper management or highly specialized. These positions include those titled Manager, Superintendent, and Supervisor.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 436 positions apportioned to the Valley would consist of the following: 300 professional/technical, 116 clerical/administrative, and 20 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

**BUREAU OF SANITATION
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	1,666	68.8%
Clerical/Administrative	646	26.7%
Management/Specialists	109	4.5%
Total	2,421	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City certain specified facilities, equipment and other assets used by the Bureau to provide services to the Valley. This proposed apportionment will be discussed below with reference to the three main areas of Bureau activity: (1) solid resources; (2) wastewater and industrial waste; and (3) stormwater.

With respect to solid resources, the apportionment to the Valley would consist of equipment and certain facilities. The equipment would include all forms of trucks (e.g., refuse, recycling, yard trimmings, etc.) and all containers (blue, black, green) assigned to the East and West Valley Districts. The table below lists the number and types of solid resources trucks assigned to the Valley as of fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF SANITATION
SOLID RESOURCES TRUCKS PROVIDING SERVICES
IN THE VALLEY***

<u>Type of Truck</u>	<u>Number of Trucks</u>
Automated Trucks:	
Refuse	80
Yard Trimmings	61
Recycling	50
Manual/Semi-Automated:	
Front Loader/Bulky Items	17
Recreation/Parks	1
Dead Animal	4
R. Loader – Two Members	23
White Goods	4
Total	240

*Consists of all trucks assigned to the East and West Valley Districts

The facilities apportioned to the Valley would be the East and West Valley Yards. The East Valley Yard is located at 9701 San Fernando Rd., Sun Valley; the West Valley Yard at 8840 Vanalden Ave., Northridge. Both Yards serve as refuse collection facilities.

In addition to the East and West Valley Yards, the City utilizes several other facilities located in the Valley to provide solid resources services. These facilities consist of landfills, materials recovery facilities (i.e. recycling centers), and yard trimmings processing facilities. A list of such facilities located in the Valley appears in the table below. It is important to note that of the facilities listed below, only one – the Van Norman site yard trimmings processing facility at 15751 Rinaldi St.,

Granada Hills – is owned by the City of Los Angeles. Thus this one City-owned site is the only facility of those listed below that would be transferred to the new Valley City.

**PUBLIC WORKS – BUREAU OF SANITATION
SOLID RESOURCES FACILITIES LOCATED IN VALLEY**

<u>Facility</u>	<u>Address</u>	<u>Service</u>
Sunshine Canyon Landfill	14747 San Fernando Rd., Granada Hills	Landfill
Bradley Landfill	9801 Tujunga Ave., Sun Valley	Landfill
Calabasas Landfill	5300 Lost Hills Rd., Agoura	Landfill
City Fibers	16714 Schoenborn St., North Hills	Materials Recovery Facility
Sun Valley Paper Stock	11166 Pendleton St., Sun Valley	Materials Recovery Facility
Valley Iron & Metal Co.	9754 San Fernando Rd., Sun Valley	Materials Recovery Facility
Van Norman Site	15751 Rinaldi St., Granada Hills	Yard Trimmings Processing
Community Recycling	9189 De Garmo Ave., Sun Valley	Yard Trimmings Processing
San Joaquin Composting	12421 Hollow Rd., Lost Hills	Yard Trimmings Processing

With respect to wastewater facilities and equipment, it is assumed that the City of Los Angeles would continue to maintain and operate all the wastewater equipment and facilities that it maintains as of fiscal year 2000-01. (See section “Transfer of Service, Costs, Revenues, and Assets – Wastewater Services” for a more detailed discussion of the City’s stormwater system.)

Finally, in the area of stormwater, it is assumed for the purposes of this analysis that the Valley City would take responsibility for the maintenance of the local stormwater system within its boundaries, and would assume existing efforts to reduce stormwater solids, such as catch basin repair and point-source interventions efforts, and would assess a stormwater pollution abatement charge to its residents. (See section “Transfer of Service, Costs, Revenues, and Assets – Stormwater Services” for a more detailed discussion of the City’s stormwater system.)

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau’s projected expenditures for fiscal year 2000-01 are roughly \$189.4 million. As shown in the table below, salaries and expenses constitute most of the Bureau’s expenditures.

**CITY OF LOS ANGELES – BUREAU OF SANITATION
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 133,937,170
Expenses	46,294,812
Equipment	18,000
Interdepartmental Charges	9,143,272
 Total Expenditures	 \$ 189,393,254

In estimating expenditures for the Bureau of Sanitation in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the Bureau of Sanitation is estimated to require 436 positions throughout the entire planning period.

Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is \$4.8 million. The Bureau contracts for numerous personal services, including waste disposal, engineering services, and yard trimmings processing. It is assumed that, at least with respect to contracts related to solid resources and stormwater, the new Valley City will require similar contract services, and the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Valley (18.0%, as calculated above).

Contractual service by the Valley City for service relating to the City's sewer system is discussed in section "Transfer of Service, Costs, Revenues, and Assets – Wastewater System."

Departmental Start-Up Costs

The Bureau would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Sanitation in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF SANITATION
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 99,128,943
Stormwater Pollution Abatement Fund (7)	8,117,560
Community Development Trust Fund (8)	15,000
Sewer Construction and Maintenance Fund (14)	78,766,596
Landfill Maintenance Special Fund (38)	1,521,000
Household Hazardous Waste Fund (39)	1,844,155
 Total	 \$ 189,393,254

As further discussed in section “Transfer of Revenue,” the City’s Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Valley City would not obtain control of the City’s sewer system upon a special reorganization, the Valley City would not need to create its own Sewer Construction and Maintenance Fund. This does not mean the Valley City would fund its Bureau disproportional to its general fund, only that as a contractor to the regional system, the Valley City Bureau would not incur reimbursable sewer related costs.

With respect to the remaining revenue sources – the Landfill Maintenance Special Fund and the Household Hazardous Waste Fund – it is assumed that these revenue sources can be transferred to the new Valley City based on the proportion of City population in the Valley.

Another revenue source related to Bureau of Sanitation services is the Sanitation Equipment Charge (SEC). The SEC is levied on all single-family dwellings in the City and upon multiple unit dwellings for which the City provides refuse collection services. Funds from this charge, estimated to be \$47.1 million in fiscal year 2000-01, are used to acquire and repair sanitation equipment. Funds from this charge are also pledged to repay the debt on bonds issued to finance the purchase of refuse collection vehicles, equipment, and other assets used for refuse collection and disposal. Were a special reorganization to occur, it is envisioned that the City of Los Angeles would continue to assess and collect all SEC charges on behalf of the Valley until the bonds for which the charges are pledged are repaid. Any SEC revenue in excess of the proportional debt service on the bonds could be returned to the Valley.

Another element of the new Valley City’s ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department’s contribution of such funds to the General Fund is referred to as “General Fund Departmental Receipts.” The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Sanitation in fiscal year 2000-01. It is assumed that each of the receipts, associated with related costs, generated by the Bureau will be available to the new Valley City, based on the percentage of citywide employees that would be transferred.

**BUREAU OF SANITATION
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Other Licenses and Permits	\$ 1,200
Reimbursement from other Funds	0
Engineering Fees Inspections Other Services	0
Street Sidewalk Curb Repairs	0
Sales of Refuse	50,000
Quasi-External Transaction	0
Royalties	0
Miscellaneous Revenues	3,500
Reimbursement from other Funds	22,587,924
Special	859,846
 Total Sanitation	 \$ 23,502,470

Public Works – Bureau of Street Lighting

The Bureau of Street Lighting is responsible for designing, constructing and maintaining the City's Street Lighting System. As of fiscal year 2000-01, this System consists of about 217,000 of the roughly 240,000 street lights within the City of Los Angeles.⁵³ The Bureau's activities include managing various kinds of street lighting projects and administering the City's street lighting assessment districts.

Distribution of Service within City

The Bureau's activities involve a mix of direct services provided to the public and indirect support services to both other City departments and to outside government agencies. The direct services - consist of plan checking and technical support on the lighting aspects of certain private development projects, and of responding to citizen requests for street light repairs or specific lighting system improvements. A somewhat different form of direct service the Bureau provides consists of administering existing street light assessment districts, as well as analyzing and structuring proposals for new assessment districts.

With respect to indirect support services, the Bureau checks project plans and provides technical oversight for the street lighting aspects of development projects conducted by other City departments. The Bureau's indirect services also include assisting in the design of lighting systems for transit or other projects carried out within Los Angeles by non-City agencies (e.g., Caltrans).

To provide both its direct and indirect services, the Bureau divides the City geographically into four "Districts" – North, West, Central, and South – with the boundaries of the North District conforming closely to those of the Valley special reorganization area. The Bureau has three office locations citywide, one being the North District office located in the Valley at 14832 Raymer Street, Van Nuys. The Bureau's headquarters is located in downtown Los Angeles at 600 S. Spring Street.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Street Lighting. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; (2) the Bureau facility located in the Valley special reorganization area (14832 Raymer Street, Van Nuys), as well as the equipment and other assets assigned to this facility; and (3) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau has 213 budgeted positions. The department is divided into 12 divisions, the functions of which are described in the table below.

⁵³ The roughly 23,000 street lights within Los Angeles that are not part of the City Street Lighting System are owned and operated by the Department of Water and Power.

**PUBLIC WORKS – BUREAU OF STREET LIGHTING
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Management	Provides overall management and oversight of the Bureau.
Field Operations	Responsible for maintaining and repairing street lights, warehouse operations and inventory management.
Construction Services	Manages street lighting projects, evaluates and tests equipment, and performs various construction engineering duties.
Proposition 218 Compliance & Community Service	Responsible for community relations; also manages the process of creating new street lighting maintenance assessments while complying with Proposition 218.
Private Development	Responsible for engineering plan checks and other construction project monitoring for private development projects and for special projects.
Case Management	Reviews Planning Department documents, EIRs and various other development-related documents, attends development-related meetings, and assists in the Building Permit process.
Inter-Agency Engineering	Responsible for street lighting portions of projects carried out by outside agencies within City boundaries.
Capital Projects	Responsible for installing new street light systems and for rehabilitation projects.
Assessment Processing	Calculates assessments, prepares ordinances, conducts hearings, and various other duties related to setting street light assessments.
Management Support & Personnel Services	Responsible for personnel and office management issues.
Administrative Services	Responsible for payroll, budgeting, and other support functions.
Information Technology	Responsible for Bureau's computer and other information systems.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 52 positions provide service to the Valley. A special reorganization would thus result in 52 positions, or roughly 24.4 % of the Bureau's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BUREAU OF STREET LIGHTING
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	5	1
Field Operations	Location of employees/Proportion of employees	88	16
Construction Services	Proportion of employees	11	3
Proposition 218 Compliance & Community Service	Population	20	7
Private Development	Proportion of employees	10	3
Case Management	Proportion of employees	6	2
Inter-Agency Engineering	Population	16	5
Capital Projects	Proportion of employees	17	4
Assessment Processing	Population	11	4
Management Support & Personnel Services	Proportion of employees	4	1
Administrative Services	Proportion of employees	9	2
Information Technology	Proportion of employees	16	4
Total		213	52

* Positions per division based on the Bureau's 2000-01 organization chart. Discrepancies between the total number of budgeted positions and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For the Field Operations division, two groups of staff positions require separate apportionment methodologies. The first are those positions assigned to one of the division's four "District" Operations. The apportionment method used for these positions is based on their geographic location: all positions in the North District are located within the Valley special reorganization area and provide services to this region. Thus all 9 North District positions are apportioned to the new Valley City. As of fiscal year 2000-01, these 9 positions account for roughly 18.7% of all Field Operations division positions assigned to the division's four Districts.

A second group of positions in the Field Operations Division are those not assigned to any of the division's four Districts. These consist of 40 positions that serve the entire City rather than just a specific region. For these positions, "proportion of employees" is the apportionment basis. It is calculated by multiplying the proportion of North District positions as a percentage of positions in all Districts estimated to provide service to the Valley (18.7%, as calculated above) by the number of positions not assigned to a District (40). This totals 7 positions. These 7 positions are added to the 9 North District positions already apportioned, for a total of 16 Field Operations positions apportioned to the new Valley City. The logic of this apportionment is that the division's 40 non-District positions primarily support District operations. Since 18.7% of all District positions are located in the Valley, it is estimated that the same percentage of non-District positions provide services to the Valley.

For three of the Bureau's divisions – Proposition 218 Compliance and a Community Service, Inter-Agency Engineering, and Assessment Processing – the apportionment method used is population: the percentage of City of Los Angeles residents residing in the Valley is multiplied by the number of positions in each division. The logic of this apportionment is that these divisions perform functions

(e.g., administering lighting assessment districts and public relations) generally on a citywide basis rather than focusing on specific geographic areas. These staff are therefore apportioned proportionately based on the City's population.

Finally, for the Bureau's remaining eight divisions, the number of positions providing service to the Valley is estimated based on the proportion of employees in the Bureau's other divisions providing services to the Valley.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Street Lighting do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 213 positions, roughly 66.2% are professional/technical. The professional/technical positions consist of Electricians, Analysts, Technicians, Engineers and Engineering Associates. The clerical/administrative category comprises roughly 29% of department staff. It includes Secretaries, Typists, Clerks, various Aides, and other clerical staff. Finally, roughly 4.8% of department staff are either upper management or highly specialized. Among these positions are the Bureau's Director and various Supervisors.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 52 positions apportioned to the Valley would consist of the following: 35 professional/technical, 15 clerical/administrative, and 2 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

BUREAU OF STREET LIGHTING COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	141	66.2%
Clerical/Administrative	62	29.0%
Management/Specialists	10	4.8%
Total	213	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used by the Bureau to provide services to the Valley. This would include: (1) the Bureau's facility located in the Valley, as well as the equipment and other assets located at this facility; (2) a proportionate share of all centralized assets used to provide services to the Valley; and (3) the portions of the City's Street Lighting System located within the Valley special reorganization area.

The Bureau facility located in the Valley (14832 Raymer Street, Van Nuys) is the base of the North District Operations unit, whose service area conforms closely to the boundaries of the Valley special reorganization area. It is assumed for the purposes of this report that this facility would be apportioned to the new Valley City.

Also assumed apportioned to the new Valley City would be a proportionate share of all special assets and equipment based at the Bureau's two centralized facilities – the Bureau's headquarters at 600 S. Spring Street, and the Field Operations Division headquarters located in the mid-City area at 4550

Santa Monica Boulevard. These assets, which include vehicles, cranes, and other heavy equipment used in street lighting operations, would be apportioned to the Valley based on the percentage of Bureau staff estimated to provide services to the Valley (24.4%, as discussed above).

Finally, all portions of the City's Street Lighting System located in the Valley special reorganization areas would be apportioned to the new Valley City. This would include the roughly one-third of the street lights in the City's Street Lighting System (roughly 72,500 of the total 213,000 street lights in the City System) located in the Valley as of fiscal year 2000-01.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$15.7 million. As shown in the table below, the majority of department expenditures (roughly 73.4%) are for staff salaries.

CITY OF LOS ANGELES – BUREAU OF STREET LIGHTING USES OF FUNDS	
<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 11,562,072
Expenses	727,602
Equipment	62,530
Special Street Lighting Improvements	3,079,318
Interdepartmental Charges	314,805
Total Expenditures	\$ 15,746,327

In estimating expenditures for the Bureau of Street Lighting in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of Bureau of Street Lighting services is estimated to require 52 positions throughout the entire planning period.

Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is \$446,400. The Bureau contracts for both physical construction services related to street lights and traffic signals and for various non-construction services (e.g., financial services). It is assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Valley (24.4%, as calculated above).

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Street Lighting in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the Street Light Maintenance Assessment Fund, but has also relied on several other sources funds. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF STREET LIGHTING
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 0
Special Gas Tax Street Improvement Fund (5)	858,912
Street Lighting Maintenance Assessment Fund (19)	14,743,965
Prop. C Anti-Gridlock Transit Fund (27)	143,450
 Total	 \$ 15,746,327

As the table above indicates, the primary source of funds for the department is the Street Lighting Maintenance Assessment Fund, which accounts for roughly 93.7% of the department's 2000-01 budget. This Fund receives most of its receipts from annual assessments on the properties that benefit from the maintenance and repair of street lights. It is assumed that this revenue source can be transferred to the new Valley City based on the percentages shown on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Street Lighting in fiscal year 2000-01. The Bureau of Street Lighting in the new Valley City would similarly generate fees for services it provides, and these fees would be contributed to the Valley City's general fund.

**BUREAU OF STREET LIGHTING
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Streets and Curb Permits	\$0
Other Licenses and Permits	0
Other State Grants/Agreements	0
Other County Grants/Agreements	0
Engineering Fees Inspections Other Services	0
Street Sidewalk Curb Repairs	0
Investment Earnings	0
Miscellaneous Revenues	0
Reimbursement from other Funds	3,440,000
 Total Street Lighting	 \$ 3,440,000

The amount of General Fund Departmental Receipts currently generated by the Valley, as well as other general fund receipts that would be contributed to the Valley City general fund, are discussed in section "Transfer of Revenue."

Public Works – Bureau of Street Services

The Bureau of Street Services performs several functions related to maintaining City streets and other public ways. The Bureau maintains and cleans City streets by removing debris, resurfacing streets, slurry sealing, repairing asphalt, and by providing various engineering services. The Bureau also manages street trees, and removes brush and other debris from City properties and from unimproved private properties. Finally, the Bureau regulates the use of City streets, sidewalks, and other public ways.

Distribution of Service within City

In describing where and how the Bureau delivers services, it is useful to divide its activities into three categories: (1) direct services to the public in the form of maintaining, cleaning, and enhancing City streets and streetscapes; (2) direct services to the public in the form of regulatory and enforcement activities; and (3) various intra-Bureau technical and operations support functions.

The Bureau's direct services include street maintenance, management of street trees, lot cleaning, street resurfacing, engineering, and special projects. The Bureau's street maintenance activities include maintaining and cleaning public streets, alleys, and other public ways. Management of street trees includes tree planting, trimming, and removal. Lot cleaning consists of removing brush and other debris from City properties and, once the property owner has been notified, from unimproved private properties as well. Finally, the Bureau also provides engineering services on City street construction projects, and assists in the construction of special street projects, such as access ramps and streetscapes.

To carry out these direct services, the Bureau divides the City geographically into two large "zones", within which are 24 "street service districts." Each zone consists of 12 street service districts. The combination of 10 of the 12 street services districts in Zone 1 (street service districts 215-224) conforms almost precisely to the boundaries of the Valley special reorganization area. The Bureau has 35 offices throughout Los Angeles, with its headquarters located in downtown Los Angeles at 600 S. Spring Street. Eleven Bureau offices are located in the Valley. (A complete list of these Valley offices is provided in the "Proposed Apportionment" section below.)

Another form of direct services the Bureau provides includes several regulatory and enforcement activities. These direct services include regulating the use of City streets and sidewalks, enforcing the City's sidewalk vending regulations, and issuing various permits to allow use of the City's public ways. The Bureau provides these direct services from several offices; in the Valley, these services are based at offices located at 10811 Chandler Boulevard, North Hollywood.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Bureau of Street Services. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; (2) the 11 Bureau facilities located within the Valley special reorganization area, as well as the vehicles and equipment assigned to these facilities; and (3) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Valley.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the Bureau has 1,241 budgeted positions. The department is divided into 10 divisions, the functions of which are described in the table below.

**PUBLIC WORKS – BUREAU OF STREET SERVICES
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Executive (Management)	Provides Bureau-wide management and oversight.
Street Tree	Regulates and maintains street trees, provides emergency tree services, and addresses tree insects and diseases.
Street Use Inspection	Enforces City laws related to the use of City streets, sidewalks and public ways; enforces sidewalk vending program.
Street Maintenance	Maintains and cleans City streets, alleys and other public ways.
Administration	Provides Bureau-wide administrative support, including budgeting, personnel, payroll, and clerical services.
Lot Cleaning	Cleans weeds and other debris from City properties and roadsides, and cleans debris from private property under certain circumstances.
Technical Services	Provides technical and engineering services for all Bureau facilities and special projects.
Resurfacing	Manages and repairs pavement, operates two asphalt plants, and smoothes unimproved streets and alleys.
Engineering	Provides engineering services for the construction of City streets.
Special Projects	Constructs special street projects and performs minor bridge and guardrail repairs.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 442 positions provide service to the Valley. A special reorganization would thus result in 442 positions, or roughly 35.6% of the department's staff, being transferred to the new Valley City.

**PUBLIC WORKS – BUREAU OF STREET SERVICES
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Executive (Management)	Proportion of employees	12	4
Street Tree	Employee service area/Proportion of employees	193	80
Street Use Inspection	Employee service area/Proportion of employees	61	22
Street Maintenance	Employee service area/Proportion of employees	496	161
Administration	Proportion of employees	41	15
Lot Cleaning	Employee service area/Proportion of employees	101	22
Technical Services	Proportion of employees	27	10
Resurfacing	Employee service area/Proportion of employees	219	96
Engineering	Proportion of employees	18	6
Special Projects	Proportion of employees	73	26
Total		1,241	442

The methodology used to estimate the number of positions providing service to the Valley is as follows. For five of the Bureau's divisions – Street Tree, Street Use, Street Maintenance, Lot Cleaning, and Resurfacing – two groups of positions within each division require separate apportionment methodologies. These two groups of positions are: (1) those assigned to specific geographic service areas; and (2) those not assigned to specific geographic service areas. Only the apportionment of the Street Maintenance division is described in detail below, as this same apportionment logic applies equally to the Bureau's other four divisions apportioned using a similar methodology.

As stated above, two groups of positions in the Street Maintenance division require separate apportionment methodologies. The first group consists of those personnel assigned to specific geographic services areas and therefore could be apportioned based on these service areas. To deliver services, the Street Maintenance division divides the City into four "Areas": North Central, Bay Harbor, East Valley, and West Valley. The East Valley and West Valley Areas are each further divided into six "street service districts," and the two Areas combined (i.e., all 12 street service districts) make up the Bureau's designated "Zone 1" (see the "Distribution of Services Within City" section above for further discussion of how the Bureau divides the City into geographic service areas). As shown in the map above, the combination of 10 of the 12 street services districts in Zone 1 – five in the East Valley, five in the West Valley – conform almost precisely to the boundaries of the Valley special reorganization area. Thus all positions in the Street Maintenance division assigned to the 10 street service districts in the Valley are apportioned to the new Valley City. This totals 158 positions, or 32.4%, of the 487 positions in the division assigned to a specific geographic service areas.

The second group of positions consists of those not assigned to specific geographic service areas. These 9 positions, which are associated with overall division management, are apportioned to the new Valley City on a "proportion of employees" basis by applying the percentage of geographic-specific positions located within the proposed Valley boundaries (32.4%) as calculated above. Taking 32.4% of these 9 positions results in an apportionment of 3 positions to the Valley from this group. Adding these 3 positions to the 158 positions calculated above results in a total apportionment of 161 positions. The logic of this apportionment is that the Street Maintenance division's management positions primarily support the division's geographic-specific operations. Since 32.4% of all

geographic-specific positions provide services to the Valley, it is estimated that the same percentage of the division's 9 management-related positions provides services to the Valley.

For the Bureau's remaining five divisions – Executive, Administration, Technical Services, Engineering, and Special Projects – the number of positions providing service to the Valley is estimated based on the proportion of employees in the Bureau's other divisions providing services to the Valley. The logic of this apportionment is that these five divisions largely support the activities carried out by the divisions that include geographic-specific positions. Thus the percentage of staff within geographic-specific divisions that provide services to the Valley is a reasonable indicator of the percentage of staff in the remaining support divisions that provide services to the Valley.

The department has also budgeted for a large number of “as needed “ positions for fiscal year 2000-01. A proportional amount of the cost for these positions is assumed transferred to the Valley City in proportion to the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Street Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 1,241 positions, roughly 57.4% are professional/technical. The professional/technical positions consist of Supervisors, Operators, Analysts, Engineering Associates, and various other technical personnel. The clerical/administrative category comprises roughly 39.9% of department staff. It includes Secretaries, Typists, Clerks, various Aides, Workers, and other support staff. Finally, roughly 2.7% of department staff are either upper management or highly specialized. These positions include those titled Manager and Superintendent.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 442 positions apportioned to the Valley would consist of the following: 253 professional/technical, 177 clerical/administrative, and 12 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

BUREAU OF STREET SERVICES COMPOSITION OF WORKFORCE		
<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Professional/Technical	713	57.4%
Clerical/Administrative	495	39.9%
Management/Specialists	33	2.7%
Total	1,241	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used by the Bureau to provide services to the Valley. This would include: (1) the Bureau's 10 facilities located in the Valley, as well as the equipment and other assets located at these facilities; and (2) all elements of the City street system and other public ways maintained by the Bureau located within the Valley special reorganization area.

The 10 Bureau facilities located in the Valley, as well as the Bureau divisions that utilize those facilities as of fiscal year 2000-01, are listed in the table below. These facilities, as well as the equipment, vehicles (e.g., street sweepers) and other assets assigned to the facilities, are assumed to be apportioned to the proposed Valley City.

**BUREAU OF STREET SERVICES
FACILITIES LOCATED IN THE VALLEY**

<u>Facility</u>	<u>Facility Address</u>	<u>Divisions</u>
Cahuenga Pass	2770 Cahuenga Blvd., N. Hollywood, 90068	Street Tree
Woodland Hills	6015 Baird Ave., Tarzana, 91356	Street Maintenance
Canoga	7453 Canoga Ave., Canoga Park, 91303	Street Maintenance
Northridge	8820 Vanalden Ave., Northridge, 91324	Lot Cleaning, Street Maintenance, Street Tree
Sunland	9401 Wentworth St., Sunland, 91040	Street Maintenance
Granada Hills	10210 Etiwanda Ave., Granada Hills, 91330	Special Projects, Street Maintenance
Studio City/N. Hollywood	10811 Chandler Blvd., N. Hollywood, 91601	Lot Cleaning, Special Projects, Street Use, Street Tree, Street Maintenance
CVCS	12225 Sherman Way, N. Hollywood, 91605	Resurfacing, Executive
Plant 2	12251 Sherman Way, N. Hollywood, 91605	Resurfacing
East Valley	14410 Sylvan St., Van Nuys, 91401	Street Maintenance
West Valley	19040 Vanowen St., Reseda, 91335	Street Maintenance

Finally, all City streets and other public ways maintained by the Bureau that are located in the Valley special reorganization areas would be apportioned to the new Valley City. This would include the roughly 2,867 street miles that, as of fiscal year 2000-01, are located in the Valley.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$133.9 million. As shown in the table below, salaries and expenses constitute most of the Bureau's expenditures. The major expense items include construction expenses, contractual services, and operating supplies.

**CITY OF LOS ANGELES – BUREAU OF STREET
SERVICES
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 68,097,424
Expenses	62,654,669
Equipment	132,465
Interdepartmental Charges	3,012,958
 Total Expenditures	 \$ 133,892,720

In estimating expenditures for the Bureau of Street Services in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the Bureau of Street Services is estimated to require 442 positions throughout the entire planning period.

Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is \$17.4 million. The Bureau contracts for various personal services, such as asphalt recycling, waste removal, tree trimming, and hauling. It is assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Valley (35.6%, as calculated above).

Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Street Services in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Valley.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Special Gas Tax Street Improvement Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF STREET SERVICES
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 34,607,298
Traffic Safety Fund (4)	9,975,963
Special Gas Tax Street Improvement Fund (5)	67,486,547
Stormwater Pollution Abatement Fund (7)	4,879,818
Community Development Trust Fund (8)	1,792,591
Proposition A Local Transit Fund (26)	1,984,379
Prop. C Anti-Gridlock Transit Fund (27)	11,000,000
Bus Bench Advertising Program Fund (29)	134,616
Street Banners Trust Fund (29)	191,391
Street Damage Restoration Fee Fund (47)	1,840,117
 Total	 \$ 133,892,720

In addition to the City's General Fund, the City has budgeted funding for the Bureau from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities.

It is assumed that the City's special purpose revenue sources can be transferred to the Valley based on the percentages shown on Table R-7 in Appendix II.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Street Services in fiscal year 2000-01. It is assumed that the receipts associated with related costs will be available to the new Valley City based on the percentage of citywide employees that would be transferred.

**BUREAU OF STREET SERVICES
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	2000-01 Budget
Assessments	\$ 1,200,000
Streets and Curb Permits	881,150
Other Licenses and Permits	300,000
Other State Grants/Agreements	200,000
Reimbursement from other Agencies	0
Engineering Fees Inspections Other Services	10,000
Street Sidewalk Curb Repairs	790,750
Quasi-External Transaction	140,000
Other Current Service Charges	0
Other Fines	200,000
Miscellaneous Revenues	17,000
Reimbursement from other Funds	11,780,333
Total Street Services	\$ 15,519,233

Transportation

The Department of Transportation plans and operates the City's street system, enforces City laws related to parking and street use, and oversees all City transit services.

Distribution of Service within City

The Department of Transportation's activities can be divided into three categories: (1) direct services to the public in the form of traffic management, parking services, and transit services; (2) direct services to the public in the form of regulatory and enforcement activities related to parking, franchise agreements, taxicabs and other for-hire vehicles; and (3) several intra-department technical and operations support functions.

Within the first category of direct services, one area of department activities is known as "traffic management." Traffic management has both a planning and an operating component. The planning component includes the taking of traffic surveys and intersection traffic counts, analyzing roadway characteristics, investigating the causes of traffic accidents, and overall planning of the City's street system. The operating component covers many department activities, one of the most significant being oversight and maintenance of the City's traffic signals. This includes operating the City's Automated Traffic Surveillance and Control System (ATSAC), a computer-controlled traffic signal system that, as of fiscal year 2000-01, has been installed at 2,750 of the City's 4,399 signalized intersections. Other operations-related traffic management activities include responsibility for road markings, traffic signs, and crossing guard services.

With respect to parking, the department manages the City's on-street and off-street parking system. The department maintains roughly 42,500 parking meters (both on- and off-street) citywide, with 7,844 (18.5%) of these being located in the Valley. The department also operates 115 off-street parking facilities with a total of 7,358 parking spaces. Of these, 25 facilities and 1,742 spaces, or 23.7% of all spaces, are located in the Valley.

In the area of transit, the department provides transit service through four transit lines. These transit services, which are operated by private firms under contract, include the Commuter Express, DASH, Community Connection, and Cityride. With respect to parking services, the department owns, operates, and derives revenue from both on-street metered parking spaces and numerous off-street parking lots. (Parking facilities are discussed in greater detail in the "Proposed Apportionment" section below.)

A second category of direct services the department provides includes several regulatory and enforcement activities. These direct services include the enforcement of City parking laws and the issuance of parking citations. These services also include regulating the rates charged and services provided by taxicabs, ambulances, and sight-seeing vehicles. Finally, the department regulates privately-owned utilities, and prepares and enforces the provisions of 37 oil pipeline franchises.

To carry its direct services, the department has several distinct methods of dividing the City geographically. For parking enforcement functions, for example, the department divides the City into five Enforcement Areas, with the Valley Parking Enforcement Area having boundaries that conform almost precisely with those of the Valley special reorganization area. Department staff providing direct services are deployed in offices citywide, with department headquarters being downtown at 221 N. Figueroa Street. There are four department offices located in the Valley. (These facilities are discussed in greater detail in the "Proposed Apportionment" section below.)

The third broad area of department activity includes technical and operations support functions. These include providing various kinds of support – administrative, personnel, budgeting, information systems – for department operations. All staff providing these internal support services are located in the department's downtown offices.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Department of Transportation. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley, with the exception of staff associated with the ATSAC system. As discussed below, it is assumed that the City of Los Angeles would continue to operate the ATSAC system and that all ATSAC-related position in the department would remain City employees. The Valley City would thus be required to contract with the City of Los Angeles for the operation of ATSAC services in the Valley; (2) all department facilities located in the Valley, as well as the equipment and other assets located at or assigned to those facilities; (3) all infrastructure assets maintained and operated by the department that are located in the Valley; (4) all transit vehicles that provide services to the Valley; and (5) a proportionate share of the centralized assets used to provide direct administrative support for the department.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the department has 1,472 budgeted positions, 12 of which are Commissioners. The department is divided into 12 divisions, the functions of which are described in the table below.

DEPARTMENT OF TRANSPORTATION INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides department-wide oversight and management.
Bureau of Information Systems	Develops and supports the Department's computer hardware and software systems.
Bureau of Administrative Services	Responsible for personnel, accounting and budgeting, and other administrative support functions.
Bureau of Project Development and Implementation	Responsible for planning special transportation and transit priority lane projects; also oversees City's involvement in regional Call for Projects process and project finance issues related to Propositions A & C.
Bureau of Transportation Programs and Development Review	Responsible for medium- and long-range transportation planning, for all land development approval functions, and for coordination with non-City transportation planning agencies.
Bureau of Transit Programs and Franchise Regulations	Responsible for transit planning, for managing the City's transit programs (e.g., DASH), and for regulating and monitoring taxicabs and other for-hire vehicles.
Bureau of Traffic Management	Plans City's system of traffic control devices, plans and implements traffic controls for special events.
Bureau of Field Operations	Installs and maintains all City traffic control devices.
Bureau of Transportation Design and ATSAC	Prepares and designs signal and striping plans; plans, designs and operates City ATSAC traffic signal system.
Bureau of Parking Enforcement and Intersection Control	Enforces City parking regulations and issues parking citations.
Bureau of Parking Regulations and Special Operations	Processes and tracks parking citations, collects parking fines, and schedules administrative hearings; also plans for certain special parking and traffic control needs.
Bureau of Parking Operations Support	Provides support services for department's parking-related functions, including scheduling of traffic control officers and processing service requests.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 320 positions provide service to the Valley. A special reorganization would thus result in 320 positions, or roughly 21.9% of the department's staff, being transferred to the new Valley City.

**DEPARTMENT OF TRANSPORTATION
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	13	3
Bureau of Information Systems	Proportion of employees	44	9
Bureau of Administrative Services	Proportion of employees	88	19
Bureau of Project Development and Implementation	Proportion of employees	38	10
Bureau of Transportation Programs and Development Review	Employee service area/Proportion of employees	25	5
Bureau of Transit Programs and Franchise Regulations	Location of service/Population	62	19
Bureau of Traffic Management	Employee service area/Proportion of employees	63	22
Bureau of Field Operations	Employee service area/Proportion of employees	268	80
Bureau of Transportation Design and ATSAC	Location of service/Proportion of employees	89	13
Bureau of Parking Enforcement and Intersection Control	Employee service area/Proportion of employees	628	106
Bureau of Parking Regulations and Special Operations	Proportion of employees	73	13
Bureau of Parking Operations Support	Employee service area/Proportion of employees	69	21
Total		1,460	320

* Number of positions per division based on the 2000-01 organization chart and excludes 12 Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For five divisions – Transportation Programs and Development Review, Traffic Management, Field Operations, Parking Enforcement and Intersection Control, and Parking Operations Support – a distinction is made between those assigned to specific geographic service areas and those not assigned to specific geographic service areas. Only the apportionment of positions from the Bureau of Field Operations is described in detail below, as this same apportionment logic applies equally to the department's other four Bureaus that are apportioned using a similar methodology.

As stated above, two groups of positions in the Bureau of Field Operations require separate apportionment methodologies. The first group consists of those assigned to specific geographic services areas and therefore apportioned based on these service areas. To deliver services, the Field Operations Bureau divides the City into three "Traffic Signal Construction and Maintenance" areas (TSCMs): Central Area, Western Area, and Valley Area. The Valley Area TSCM has boundaries that conform almost precisely to the boundaries of the Valley special reorganization area. Thus all positions in the Field Operations Bureau assigned to the Valley TSCM are apportioned to the new Valley City. This totals 59 positions, or 29.9%, of the 197 positions in the Bureau assigned to specific geographic service areas.

The second group of positions consists of those not assigned to a specific geographic service area, excluding those positions associated with the ATSAC system. These 71 positions, which are associated with the overall division management and specific technical functions, are apportioned to the new Valley City on a “proportion of employees” basis by applying the percentage of geographic-specific positions (29.9%) as calculated above. Taking 29.9% of these 71 positions results in an apportionment of 21 positions to the Valley from this group. Adding these 21 positions to the 59 positions calculated above results in a total apportionment of 80 positions. The logic of this apportionment is that the Field Operations Bureau management and special technical positions primarily support the division’s geographic-specific operations. Since 29.9% of all geographic-specific positions provide services to the Valley, it is estimated that the same percentage of the Bureau’s management and special technical positions provide services to the Valley.

Like Field Operations, two other Bureaus within the department – Transit Programs and Franchise Regulations as well as Transportation Design and ATSAC – each contain two groups of positions that require separate apportionment methodologies. For Transit Programs and Franchise Regulations, one group consists of 32 positions involved in administering the City’s transit programs.⁵⁴ These positions are apportioned based on the proportion of bus routes on the Commuter Express, DASH, and Community Connection transit lines in which any portion of the route traverses the Valley. Analysis of bus routes shows that 13 of the 52 routes, or 25%, on these three transit lines have at least some portion traversing the Valley. It is thus estimated that 25% of the 32 positions that administer the City’s transit programs, or 8 positions, provide services to the Valley.

The second group of positions in the Transit Programs and Franchise Regulations Bureau consist of 30 positions responsible for regulating taxicabs and other for-hire vehicles as well as overseeing franchise agreements between the City and firms with underground pipelines within City boundaries. These positions are apportioned based on population: the proportion of the City’s population residing in the Valley (35.31%) is multiplied by 30, for an apportionment of 11 positions to the new Valley City. The logic of this apportionment is that the functions these positions perform – regulating for-hire vehicles and administering franchises related to underground pipelines – affect the entire City, thus these services are not concentrated in any single geographic area. It is therefore appropriate to apportion these positions in relation to the City’s population as a whole. Finally, adding these 11 positions to the 8 positions from the first group results in a Bureau-wide apportionment of 19 positions to the new Valley City.

The Transportation Design and ATSAC Bureau also has two groups of positions that require separate apportionment methodologies. The first group is the ATSAC Operations and ATSAC Design/Construction Divisions. For this group, no positions are apportioned to the Valley due to the assumption in this report that the City of Los Angeles will continue to operate the ATSAC system. (See section “Transfer of Equipment and Facilities” below for further discussion of this assumption.)

The second group of positions consist of those in the Bureau’s Design Division. These 39 positions are involved in designing and preparing the plans for the City’s entire network of traffic signals and street stripes. Because these positions are responsible for the City’s entire striping and signal network, the apportionment is based on the proportion of employees in the Field Operations Bureau that provide services to the Valley. Applying this percentage (29.9%, as calculated above) to these 39 positions results in 12 positions being apportioned to the Valley, resulting in a Bureau-wide apportionment of 12 positions to the new Valley City.

For the remaining divisions within the department – Management, Information Systems, Administrative Services, Project Development and Implementation, and Parking Regulations and Special Operations – the apportionment is made on a “proportion of employees” basis, although the apportionment method varies somewhat depending on the division. For the Bureau of Project

⁵⁴ The positions within the Bureau involved in administering the City’s transit programs include those in the Transit Project Development and Transit Operations Divisions.

Development and Implementation, the apportionment is based on the proportion of employees apportioned to the Valley in the two Bureaus whose functions the Bureau of Project Development and Implementation largely supports – the Bureau of Transportation Programs and Development Review and the Bureau of Transit Programs and Franchise Regulations. A similar logic is used to apportion positions in the Bureau of Parking Regulations and Special Operations, although it is based on the proportion of employees apportioned to the Valley in the Bureau of Parking Enforcement and Intersection Control and the Bureau of Parking Operations Support.

Finally, for the remaining three divisions – Management, Information Services, and Administrative Services– the number of positions providing service to the Valley is estimated based on the proportion of employees in all of the department's other divisions providing services to the Valley.

The department has also budgeted for a relatively large amount (\$6.0 million in fiscal year 2000-01) for "as needed." A proportional amount of the cost for these positions is assumed transferred to the Valley City in the same percentage as the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Transportation do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 1,460 non-Commissioner positions, roughly 39.4% are professional/technical. The professional/technical positions consist of Analysts, Engineers and Engineer Associates, Accountants, Planners, and various information systems personnel. The administrative/support category comprises roughly 58.1% of department staff. It includes Clerks, Laborers, Traffic Officers, and Painter/Posters. Finally, roughly 2.5% of department staff are either upper management or highly specialized. These consist of General Managers, Assistant General managers, and various "Chief" positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 320 positions apportioned to the Valley would consist of the following: 126 professional/technical, 186 administrative/support, and 8 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

DEPARTMENT OF TRANSPORTATION COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>Percent of</u>
		<u>Total</u>
Professional/Technical	575	39.4%
Clerical/Administrative	848	58.1%
Management/Specialists	37	2.5%
Total	1,460	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets that provide services to the Valley. This would include transferring (1) the four department facilities located in the Valley; (2) all infrastructure assets maintained and/or operated by the department that are located in the Valley, including traffic signals, street signs, parking meters, and parking lots; (3) the City-owned transit facilities located in the Valley and a proportionate share of the City-owned transit vehicles that provide services to the Valley; (4) the data and/or information

systems the department uses to provide services to the Valley; and (5) a proportionate share of the centralized assets that provide direct administrative and technical support for the department.

With respect to facilities, the table below lists the four department facilities located in the Valley. These facilities, as well as the equipment and other assets located at these facilities, would be apportioned to the new Valley City.⁵⁵

**DEPARTMENT OF TRANSPORTATION
FACILITIES LOCATED IN VALLEY**

<u>Facility Address</u>	<u>Functions/Divisions at Facility</u>
19040 Vanowen St., Reseda, 91335	West Los Angeles/Valley Programs Division Valley Development Review Bureau of Traffic Management – West Valley Division
12544 Saticoy St., N. Hollywood, 91605	Bureau of Traffic Management – East Valley District Bureau of Parking Enf. & Intersection Control – Valley Enforcement East Valley Crossing Guard Office West Valley Crossing Guard Office
14832 Raymer St., Van Nuys, 91405	Bureau of Field Operations – Valley Traffic Control & Maintenance Bureau of Field Operations – Valley Paint & Sign
14428 Hamlin St., #230, Van Nuys, 91401	Bureau of Parking Regs. & Special Ops. – Van Nuys Adjudication

The department also maintains and/or operates several kinds of infrastructure and other transportation-related hard assets that are located in the Valley. A first category of such assets is traffic signals. As of fiscal year 2000-01, the department maintains 4,285 traffic signals citywide, of which 1,276, or 29.8%, are located in the Valley and would therefore be transferred to the new Valley City. Not transferable to the Valley, however, is the ATSAC Operations Center, located at Los Angeles City Hall. The ATSAC Operations Center is the centralized traffic management center that contains the computer and communications equipment that operates the ATSAC signal system's various features, such as real-time changes to signal timing. As of fiscal year 2000-01 2,750 signalized intersections Citywide are connected to the ATSAC system, of which 500 are located in the Valley. In order to benefit from ATSAC, the new Valley City would either have to create a new traffic management center or form an agreement to have the City of Los Angeles continue to operate the Valley traffic signals connected to the ATSAC system. This report assumes that if a special reorganization occurs, the City of Los Angeles will continue to operate the entire ATSAC system, and that the Valley will contract with the City for the operation of the system.

A second category of infrastructure assets is the City's roads and related road improvements. As of fiscal year 2000-01, the department has responsibility for 6,440 miles of paved roadway within the City, of which 2,827 miles, or 43.9%, is located in the Valley. Along the Valley's paved roads are roughly 200,785 traffic signs and thousands of pavement and curb markings. All these Valley-located roads and related road improvements would be transferred to the new Valley City.

A third category of department infrastructure assets is parking meters and parking lots. The department maintains roughly 42,500 parking meters (both on- and off-street) citywide, with 7,844 (18.5%) of these being located in the Valley. The department also operates 115 off-street parking facilities with a total of 7,358 parking spaces. Of these, 25 facilities and 1,742 spaces, or 23.7% of all spaces, are located in the Valley. A list of these Valley-located parking facilities appears in the table

⁵⁵ The Valley is also served through a facility located at 6309 Van Nuys Blvd., Van Nuys, 91401. This office is leased and staffed by Lockheed Martin who, through a contract, operates the department's Customer Service Center of the Valley Parking Violation Bureau. A special reorganization would therefore not result in the transfer of this facility to the new Valley City.

below. These facilities, as well as the parking meters in the Valley, would be transferred to the new Valley City.

**DEPARTMENT OF TRANSPORTATION
OFF-STREET PARKING FACILITIES LOCATED IN THE
VALLEY**

<u>Parking Facility Address</u>	<u>Total Spaces</u>	<u>Parking Facility Address</u>	<u>Total Spaces</u>
7222 Baird Ave.	88	14532 Gilmore St.	138
7131 Canby Ave.	65	7141 Remmet Ave.	21
7120 Baird Ave.	87	11320 Chandler Blvd.	46
11231 Magnolia Blvd.	48	14758 Ventura Blvd.	24
14607 Sylvan St.	52	12229 ½ Ventura Blvd.	70
7218 Jordan Ave.	35	21901 Constanso St.	29
14559 Dickens Ave.	199	7246 Baird Ave.	40
7134 Remmet Ave.	19	7128 Jordan Ave.	37
14517 Erwin Ave.	75	11169 Weddington St.	63
14444 Sylvan Ave.	144	14521 Friar St.	76
14402 Gilmore St.	68	7117 Remmet St.	17
7219 Remmet Ave.	18	14401 Friar St.	237
7130 Darby Ave.	46		

Transit facilities and transit vehicles are another broad area of assets owned by the department that provide services to the Valley. With respect to transit facilities, the City owns or leases portions of five Metrolink Transit Centers and two Park & Ride Lots that are located in the Valley. The portions of these facilities that the City owns or leases would be transferred to the new Valley City. A list of these facilities appears in the table below.

**DEPARTMENT OF TRANSPORTATION
TRANSIT FACILITIES LOCATED IN THE VALLEY**

<u>Facility</u>	<u>Address</u>	<u>City Interest</u>
Chatsworth Intermodal Transit Center	10046 Old Depot Plaza Rd.	City owns and operates depot portion of building.
Northridge Intermodal Transit Center	8801 Wilbur Ave.	City owns facility.
Van Nuys Intermodal Transit Center	7724 Van Nuys Blvd.	Portion of station is maintained by City.
Sylmar Intermodal Transit Center	12219 Frank Modugno Dr.	City owns train station portion of facility.
Sun Valley Intermodal Transit Center	8364 San Fernando Rd.	City owns facility.
Balboa/Victory Park and Ride Lot	Balboa/Victory Blvd. Intersection, Reseda	City leases land from MTA.
Encino Park and Ride Lot	Hayvenhurst Ave/Magnolia Blvd. Intersection, Encino	City owns facility.

In addition to transit facilities, the City's transit assets include a fleet of transit vehicles. These vehicles are used for the City's four transit lines that provide bus service: DASH, Commuter Express, Community Connection, and Cityride. The City does not operate these bus lines nor maintain the vehicle fleet; these activities are accomplished through private firms under contract. As of June 2000, the active City-owned fleet includes 354 vehicles, ranging from full-size buses to smaller paratransit vehicles that provide "Dial-A-Ride" services to senior citizens and the handicapped.

To apportion the City's 354 transit vehicles, the analysis of the proportion of City bus routes in which a portion of the route traverses the Valley, discussed in the "Transfer of City Personnel" subsection above, is applied. This analysis indicated that 25% of bus routes on the Commuter Express, DASH, and Community Connection transit lines have a portion of the route that traverses the Valley. It is therefore estimated that 25% of the City-owned transit fleet provide services to the Valley. This would result in 89 transit vehicles being apportioned to the new Valley City.

A final group of assets utilized by the department to provide services to the Valley include several databases and information systems. The table below lists the key database and information systems utilized by the department. It is assumed that the data maintained in department databases could be transferred to the Valley City. It is also assumed that the City's World Wide Web traffic information application is not transferable to the Valley, as this application's functionality requires the ATSAC system's centralized traffic management center.

DEPARTMENT OF TRANSPORTATION KEY INFORMATION SYSTEMS*

<u>Name of System/Database</u>	<u>Function</u>
Traffic Accident Information System	Contains traffic accident data for street intersections since 1970; data through 1993 exists in COBOL system; data comes from state accident files and City police reports; City owns software.
Parking Citation Processing System	City contracts with Lockheed Martin (who developed and owns the system software application) for parking citation processing; City owns data.
Roadway Characteristics & Traffic Control Inventory	Databases of where traffic controls (e.g., curb markings, traffic signs, traffic signals) are located and maintenance history; data maintained in City-owned legacy software application.
World Wide Web Traffic Information	City-owned application that provides real-time traffic information accessible on the Internet, with traffic information updated every two minutes; this system's functionality currently requires ATSAC system's centralized traffic management center & distributed sensor and surveillance network.
Manual Traffic Count File	Database containing traffic count information for intersections throughout the City; City owns data.

* This list excludes the ATSAC system, which is discussed elsewhere in this chapter

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

Projected Expenditures

The Department of Transportation's projected expenditures for fiscal year 2000-01 are roughly \$107.8 million. As shown in the table below, salaries and expenses constitute almost all of the department's expenditures.

**CITY OF LOS ANGELES – DEPARTMENT OF
TRANSPORTATION
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 81,382,654
Expenses	22,212,857
Equipment	110,660
Interdepartmental Charges	4,108,690
 Total Expenditures	 \$ 107,814,861

In estimating expenditures for the Department of Transportation in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the department is estimated to require 320 positions throughout the entire planning period.

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$13.8 million. The department has ongoing contracts for several kinds of services. These include transit services such as the maintenance and operation of the City's transit lines, a charter bus program, and SMART Shuttle services. They also include contracts in the area of parking operations for such services as parking citation processing and parking lot operation. And the department also contracts for landscape and streetscape improvements and for taxicab refranchising.

It is assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of department staff providing services to the Valley (21.9%, as calculated above).

In addition to the contract services discussed above, it is also assumed that the Valley will contract with the City of Los Angeles to operate the elements of the ATSAC system located in the Valley. Based on the proportion of the City's signalized intersections connected to the ATSAC system that are located in the Valley, it is estimated that the Valley would contract for the equivalent of 11 positions for ATSAC-related services.⁵⁶ Based on an average per-employee salary of \$55,379, and an overhead ("CAP") rate of 82.4%, it is estimated that annual contract costs for these services would be roughly \$1.1 million.⁵⁷

Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

⁵⁶ The number of positions was calculated based on a fiscal 2000-01 figure of 18.18% of all ATSAC signalized intersection being located in the Valley. This factor was then applied proportionately to the 59 positions in the department with direct responsibility for ATSAC.

⁵⁷ CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Transportation Department employees. The rate consists of the sum of the Fringe Benefit rate (24.24%), Central Services (40.9%), and Department Administration and Support (17.25%).

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of Transportation in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

CITY OF LOS ANGELES – DEPARTMENT OF TRANSPORTATION SOURCES OF FUNDS

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 82,308,201
Traffic Safety Fund (4)	8,826,630
Special Gas Tax Street Improvement Fund (5)	3,732,865
Mobile Source Air Poll. Reduction Fund (10)	520,208
Special Parking Revenue Fund (11)	5,850,000
Prop. A Local Transit Fund (26)	2,370,461
Prop. C Anti-Gridlock Transit Fund (27)	4,127,000
Warner Center Transportation Dev. Fund (29)	79,496
Total	\$ 107,814,861

It is assumed that each of these revenue sources can be transferred to the new Valley City based on the percentages shown on Table R-7 in Appendix II. One potential issue related to the department's Special Purpose Fund revenues, however, is the effect on the City's transit services resulting from the transfer of Proposition A and Proposition C revenues to the Valley City. Both Prop. A and Prop. C monies accrue to cities in Los Angeles County based on population. Thus upon a special reorganization the Valley City would receive, and the City of Los Angeles would lose, roughly 35.31% of the revenues from these sources currently received by the City of Los Angeles. As is discussed further in section "Findings of the Initial Fiscal Analysis - Impact on Adequacy of Service," the City's loss of these revenues could diminish its capacity to fund certain transit services in certain areas of the City.

Another element of the new Valley City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Department of Transportation in fiscal year 2000-01. It is assumed that the receipts associated with related costs will be available to the new Valley City, based on the percentage of citywide employees that would be transferred.

**DEPARTMENT OF TRANSPORTATION
GENERAL FUND DEPARTMENTAL RECEIPTS**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Streets and Curb Permits	\$ 190,000
Other Licenses and Permits	1,480,600
Other State Grants/Agreements	0
Federal Aid Urban Program	0
Other Intergovernmental Federal	0
Reimbursement from other Agencies	0
Revenue from other Agencies	0
Other General Government Services	30,000
Engineering Fees Inspections Other Services	70,000
Street Sidewalk Curb Repairs	721,000
Parking Facilities	0
Other Current Service Charges	522,000
Forfeitures and Penalties	0
Contributions from Non-Government Sources	8,000
Miscellaneous Revenues	5,000
Reimbursement from other Funds	10,253,341
Other Financing Sources	0
 Total Transportation	 \$ 15,519,233

Non-Departmental

2000 Tax and Revenue Anticipation Notes

The City has historically relied on the use of Tax and Revenue Anticipation Notes to fund General Fund cash flow deficits over the course of the fiscal year. Municipalities typically face cash flow deficits given that certain revenues, such as property taxes, are not received evenly over the fiscal year. However, many municipalities retain cash reserves that can be drawn upon when needed to support imbalances in revenues and expenditures. The City does not retain a large General Fund cash balance relative to its annual budget, and has relied on borrowing from its "special purpose funds" or from the proceeds of tax and revenue anticipation notes to fund its cash flow deficits.

The City issues its notes at the beginning of the fiscal year and repays its notes at the end of the fiscal year. The proceeds of the notes are, for budgetary purposes, used to finance the City's contribution to the Department of Pensions. Theoretically, the issuance of the notes allows for interest earnings that would have not otherwise been earned over the course of the year.

Although it is not explicitly assumed in this report that the Valley City would issue tax and revenue anticipation notes, it is assumed the Valley City would contribute its proportional share for the Fire and Police Pension System. The Valley City share of the pension contribution is estimated using the City's budgeted tax and revenue anticipation notes appropriations. The City's notes appropriation includes interest expense; however, in the computation of revenue neutrality, the Valley City is credited with interest earnings from the General Fund.

Capital Finance Administration Fund

The Capital Finance Administration Fund provides for payment of the City's lease obligation bonds and certificates of participation. The City appropriates funds from its General Fund, and transfers certain pledged revenues sufficient for the debt service requirements on the bonds and certificates of participation.

In the event of a special reorganization, the City would lose General Fund revenue, and the City's ability to repay the lease obligations would be diminished. To ensure that the rights of bondholders are not negatively impacted as a result of a special reorganization, a form of payment from the Valley City for the City's lease obligations would likely be required. The Valley applicant has proposed in its vision statement that "the debt attaching to an asset being claimed or received hereunder shall accompany the asset or that portion of the asset allocable to each municipality." Based on this proposal, it is assumed the Valley City would be liable for a portion of the City's outstanding lease obligations according to the proportion of assets financed that would transfer to the Valley City upon a special reorganization.

Further discussion of the assumed allocation of debt service is provided in section "- Transfer of Legal Liability."

ALLOCATION OF CAPITAL FINANCE ADMINISTRATION FUND

		%	\$	
	<u>2000-01 Budget</u>	<u>San Fernando Valley Allocation</u>	<u>San Fernando Valley Allocation</u>	<u>Allocation Method</u>
General Fund Supported				
Central Library Program O	\$ 1,913,608	0.00%	-	Location of facility
Central Library Project R	4,850,987	0.00%	-	Location of facility
MICLA Program H Additional	2,166,357	0.00%	-	Location of facility
MICLA Program AA	13,544,308	24.90%	3,372,533	Proportion of employees
MICLA Program AC	12,612,318	24.90%	3,140,467	Proportion of employees
MICLA Program AL	2,194,912	24.90%	546,533	Proportion of employees
MICLA Program U	3,530,504	24.90%	879,095	Proportion of employees
MICLA Program W	11,406,253	24.90%	2,840,157	Proportion of employees
MICLA Program S	5,557,553	24.90%	1,383,831	Proportion of employees
MICLA Program Q Refunding	4,934,470	24.90%	1,228,683	Proportion of employees
MICLA Program T	5,867,634	0.00%	-	Location of facility
MICLA Program AE	9,897,707	24.90%	2,464,529	Proportion of employees
MICLA Program K Refunding	2,495,576	24.90%	621,398	Proportion of employees
MICLA Program X	3,089,038	24.90%	769,170	Proportion of employees
Subtotal, General Fund	\$ 84,061,225		17,246,397	
Secured by Other Sources				
Pershing Square	618,435	0.00%	-	Location of facility
Arena Debt Service	3,880,969	0.00%	-	Location of facility
Subtotal, Other Sources	4,499,404		-	
Miscellaneous				
General Administration	95,000	20.52%	19,491	Proportion of debt service
Insurance Program	1,305,000	20.52%	267,740	Proportion of debt service
Proposition K Match	63,363	0.00%	-	
Reserve Fund Surety Fees	36,000	24.90%	8,964	Proportion of employees
Trustee Fees	175,000	20.52%	35,904	Proportion of debt service
Subtotal, Miscellaneous	1,674,363		332,098	
Total	\$ 90,234,992		17,578,496	

Using the assumed allocation of liability above, future debt service payments from the City's Capital Finance Administration Fund for the proposed Valley City are provided in the following table. For purposes of computing "revenue neutrality," the fiscal year 2000-01 debt service payment is assumed to accrue to the new Valley City.

**ALLOCATION OF CAPITAL
FINANCE ADMINISTRATION
FUND DEBT SERVICE**

Fiscal Year	Valley Share of Debt Service
2001	-
2002	-
2003	-
2004	13,335,098
2005	11,687,023
2006	9,236,852
2007	7,271,181
2008	5,401,604
2009	4,599,800
2010	4,416,888
2011	3,857,787
2012	2,961,817
2013	1,369,014
2014	926,133
2015	708,022
2016	383,958
Total	\$ 66,155,177

It is important to note that the City's annual debt service requirement for its lease obligation bonds and certificates of participation will decrease over time as the principal on the bonds is repaid. Therefore, the amount of bonds outstanding and the annual debt service requirement during the first three years of incorporation of the proposed Valley City would be different from the fiscal year 2000-01 requirement. However, the City may issue additional bonds after the preparation of the comprehensive fiscal analysis, which would increase the City's annual debt service requirement. The amount of the City's future debt service requirement may need to be considered in the estimation of any transfer of funds or assets to mitigate an imbalance of current revenues and expenditures.

Capital Improvement Expenditure Program

The City budgeted \$212.1 million in fiscal year 2000-01 for capital improvements. Most of the budgeted expenditures are funded from the City's special purpose funds, with \$159.4 million funded from the Sewer Construction and Maintenance Fund and a combined \$23.4 million from the City's Gas Tax and Proposition C funds.

Upon a special reorganization, the Valley City would receive certain special fund revenues, and would likely fund capital improvements from those funds. The estimated capital improvement expenditure program for the Valley City is therefore estimated using the proportion of revenue that would accrue to the Valley City. A discussion of the allocation of special purpose fund revenues is provided in section "- Transfer of Revenue." The estimated level of current improvement expenditures that would accrue to the Valley City is provided in the table below.

ALLOCATION OF CAPITAL IMPROVEMENT EXPENDITURE PROGRAM

<u>Revenue Item</u>	<u>2000-01 CIEP Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>
General Fund	\$ 9,445,027	24.90%	2,351,812
Special Gas Tax Street Improvement Fund (5)	11,778,312	35.31%	4,158,922
Stormwater Pollution Abatement Fund (7)	4,591,000	48.00%	2,203,680
Special Parking Revenue Fund (11)	4,742,047	13.00%	616,466
Sewer Construction and Maintenance Fund (14)	159,407,000	0.00%	-
Park and Recreational Sites and Facilities Fund (15)	1,002,900	26.33%	264,066
Street Lighting Maintenance Assessment Fund (19)	3,557,000	18.75%	666,938
Proposition C Anti-Gridlock Transit Impr. Fund (27)	11,607,563	35.31%	4,098,630
Industrial/Comm. Revolving Fund	3,400,000	0.00%	-
UDAG	550,000	0.00%	-
Vacated Fire Dept. Facilities Fund	326,054	33.33%	108,685
Local Transportation Fund (34)	1,700,000	35.31%	600,270
	<u>\$ 212,106,903</u>		<u>\$ 15,069,469</u>

Human Resources Benefits

The Human Resources Benefits budget is comprised of appropriations for the following purposes: (1) payment of all workers' compensation and rehabilitation bills, claims and awards; (2) payment of subsidies for the City's benefits programs; and (3) payment of unemployment insurance claims.

Distribution of Service within City

The City's employee benefit costs are distributed by the following workforce categories: Civilian, Police, and Fire. The funds attributed to these categories are distributed through accounts entitled Civilian FLEX Program, Supplemental Civilian Union Benefits, Police Health and Welfare Program, and Fire Health and Welfare Program. These accounts are described below.

- Civilian FLEX Program: Contained in the Civilian FLEX Program are the City's standard health and dental insurance benefits, as well as base disability and base life insurances, and FLEX Credit benefits.
- Supplemental Civilian Union Benefits: Contained in this account are the benefits that have been previously negotiated by individual bargaining units.
- Police Health and Welfare Program: Contained in this account are the City's standard benefits for health, dental and life insurance for sworn police employees.
- Fire Health and Welfare Program: Contained in this account are the City's standard benefits for health, dental and life insurance for sworn fire employees.

The City's employees are also covered by Worker's Compensation in accordance with California Labor Code. Employees are covered from the first moment on the job and can be compensated for the following: (1) All reasonable medical care, (2) Vocational rehabilitation in the event of serious injury that prohibits return to work, (3) Partial replacement of lost wages, (4) Additional "permanent disability" payments after the employee reaches maximum recovery in cases of permanent impairment, and (5) Surviving dependents may be paid death benefits in fatal injuries.

The City's Personnel Department administers the workers' compensation program and administers the Human Resources Benefits Budget. It is assumed for the purpose of this study that the Valley City's Personnel Department will be responsible for the administration of Workers' Compensation claims made by the employees transferred to its jurisdiction. The Valley City will establish a Human Resources Benefits budget for the payment of those claims and other benefits the new city elects to provide its employees. The City of Los Angeles Personnel department will administer claims made by employees remaining in its jurisdiction as well as claims made by inactive employees, employed by the City at some time preceding the special reorganization.

Proposed Apportionment

In the event of a Valley City special reorganization, the new city would need to fund Human Resource Benefits appropriations to ensure that its own employees are covered under existing programs. This section develops the assumptions necessary to estimate the required Human Resources Benefits appropriation for both the City of Los Angeles and Valley City.

The function of each program funded by the City's Human Resources Benefits budget is described in the table below. Based on the functions of each program, an estimate of the Human Resources Benefits funds required to provide benefits to the new Valley City's employees is developed.

**CITY OF LOS ANGELES HUMAN RESOURCES BENEFITS
BUGDETED ITEMS AND THEIR FUNCTION**

<u>Budget Item</u>	<u>Function</u>
Workers' Compensations/Rehabilitation	Provides Workers' Compensation and rehabilitation benefits to claimants.
Civilian FLEX Program	Provides the City's standard health and dental insurance benefits, disability, base life insurance, and FLEX Credit benefits.
Supplemental Civilian Union Benefits	Provides benefits that have been previously negotiated by individual bargaining units.
Police Health and Welfare Program	Provides the City's standard benefits for health, dental and life insurance for sworn police employees.
Fire Health and Welfare Program	Provides the City's standard benefits for health, dental and life insurance for sworn fir employees.
Unemployment Insurance	Provides unemployment insurance to former City employees.
Employee Assistance Program	Provides professional and confidential counseling services to employees who need help resolving personal problems.

The magnitude of each of the City's budgeted items above is related to the number of covered employees. Therefore, the estimated Human Resource Benefits requirement for the Valley City is based on the number of City employees transferred.

For fiscal year 2000-01 the City's Human Resources Benefits programs totaled \$260.8 million. Using the proportion of City employees transferred, it is estimated that \$64.9 million will be required to fund the Valley City's Human Resources Benefits budget. This is equivalent to 24.9% of the City's fiscal year 2000-01 Human Resources Benefits budget.

The assumed \$64.9 million Valley City payment for Human Resource Benefits is intended to recover the Workers' Compensation payments for active Valley City's employees as well as a proportion of the on-going liability for all inactive employees. The incremental cost incurred by the City for the administration of claims for inactive employees is not estimated in this analysis, and no reimbursement for a proportional amount of the administration costs for inactive employees is assumed made by the Valley City.

Judgment Obligation Bonds

The City has issued four series of bonds to finance legal judgments for lawsuits involving California Federal Bank, General Motors Corporation, and the Kimpel party. Debt service on the outstanding bonds is payable through August 2010. As discussed in section “- Transfer of Legal Liability,” the Valley applicant has proposed that it would assume responsibility for a share of the City’s existing liabilities.

The City has budgeted \$35.46 million in debt service for fiscal year 2000-01. It is assumed for the purposes of this analysis that the share of current debt service that would accrue to the Valley is equal to a proportion of the City’s fiscal year 2000-01 budget amount, based on the total number of employees transferred to the City.

Estimated future debt service to be paid by a Valley City on the City’s outstanding judgment obligation bonds is provided in the table below.

ALLOCATION OF JUDGMENT OBLIGATION BOND DEBT SERVICE	
--	--

Fiscal Year	Valley Share of Debt Service
2001	-
2002	-
2003	-
2004	2,110,921
2005	2,037,314
2006	1,963,395
2007	1,765,120
2008	1,698,603
2009	1,070,471
2010	1,025,004
2011	354,997
Total	\$ 12,025,825

Liability Claims

As further discussed in section “- Transfer of Legal Liability,” the City annually budgets an amount for the payment of claims or legal actions brought against the City. The budgeted amount for liability claims in fiscal year 2000-01 is \$55.7 million. Given the applicant has proposed to assume responsibility for liability claims, it is assumed that the current amount of liability claim expenditures that would accrue to the Valley City is equal to a proportion of the City’s fiscal year 2000-01 budgeted amount. The proportion used is based on the total number of employees transferred to the Valley City, as this provides an estimation of the level of services being transferred.

Proposition A Local Transit Assistance Fund

Unlike most other special purpose revenue funds, where appropriations are made to various departments, the City appropriates most of the available monies directly from the Proposition A Fund for allowable transit uses. Proposition A funds are provided to the cities within the Los Angeles County based on population. Therefore, upon a special reorganization, the Valley would be eligible for Proposition A revenues. It is assumed that the Valley City would appropriate funds from its own Proposition A Fund equal to the amount of revenue received. In the City's fiscal year 2000-01 budget, \$77.5 million (net of appropriations to budgetary departments) in Proposition A revenue is expected to be received. The percent of citywide population in the Valley is used to estimate the amount of current Proposition A revenue and expenditures that would accrue to the Valley City.

Proposition C Anti-Gridlock Transit Improvement Fund

Similar to the City's Proposition A special purpose revenues, the Valley City would expect to receive Proposition C revenues based on the population in the San Fernando Valley. It is assumed for the purposes of this analysis that the Valley City would appropriate Proposition C funds equal to the amount of revenue received. For fiscal year 2000-01, the City has budgeted Proposition C revenue of \$22.98 million, net of appropriations to departments. The percent of citywide population in the Valley is used to estimate the amount of current Proposition C revenue and expenditures that would accrue to the Valley City.

Special Parking Revenue Fund

The City also appropriates funds directly from its special parking revenue fund for certain non-departmental items. It is assumed in this fiscal analysis that the Valley City would accrue revenues and expenditures from its own Special Parking Revenue Fund (net of departmental appropriations) based on the proportion of revenue generated by parking facilities in the San Fernando Valley. The amount of parking revenue generated by the Valley for all City-owned parking meters and parking facilities has been estimated by the City to be 13% as of fiscal year 1998-99.

In April 1999, the City issued bonds to finance a portion of a parking facility located at Hollywood and Highland. As part of the bond covenants of the bonds issue, the City has pledged revenues for all off-street parking meters and parking facilities for repayment of the bonds, including those located in the San Fernando Valley. The City has further pledged not to transfer any parking facilities unless it can be shown that sufficient "debt service coverage" would exist after such a transfer. However, as shown on the table below, given the relatively small amount of revenue collected in the Valley, it is estimated that, based on the City's projection of parking revenue and expenses, a transfer of all revenue-generating parking facilities in the Valley would not reduce the City's debt service coverage below the minimum 1.25 level.

PROJECTED DEBT SERVICE COVERAGE CITY OF LOS ANGELES PARKING REVENUE BOND, SERIES 1999-A

	Estimated Fiscal Year 2003-04
Parking System Revenue	\$ 22,300
Other Revenue	10,050
Less: Loss from Valley Facilities *	(2,899)
Less: Operating Expenditures	(10,650)
Subtotal	\$ 18,801
Net Debt Service	\$ 5,396
Debt Service Coverage	3.48

* Estimated at 13% of "Parking System Revenue."

Source: City of Los Angeles Department of Transportation.

Unappropriated Balance

The unappropriated balance of the City is budgeted for contingent items that may occur over the fiscal year. In fiscal year 2000-01, the City budgeted \$73.2 million for an unappropriated balance. For the purposes of this analysis, it is assumed the Valley City would also budget for an unappropriated balance in an amount proportional to the total number of employees that would transfer to the Valley City.

Water and Electricity

The City's Department of Water and Power provides water and electricity to the City and is reimbursed for the costs of such service from the City's General Fund. It is assumed in this fiscal analysis that the Valley City would also receive water and electricity service, and the cost of this service would be proportional to the amount budgeted by the City, \$31.1 million, in fiscal year 2000-01. The Valley City cost is estimated in proportion to the total number of employees that would transfer from the City.

Other Special Purpose Funds

All other appropriations that are not attributable to a specific department or other area of the City's budget are appropriated under the category Other Special Purpose Funds. For fiscal year 2000-01, the City has budgeted \$232.9 million in Other Special Purpose Funds appropriations, of which \$47.5 million are funded from the City's General Fund.

An estimate of the proportion of each Other Special Purpose Funds appropriation made in fiscal year 2000-01 that would transfer to the proposed Valley City is attached in Appendix II

Other Departments

Airports

The department, under its Board of Commissioners, is responsible for the management, supervision, and control of all airport facilities under the jurisdiction of the City of Los Angeles. It plans, constructs and maintains its own buildings, and controls its own funds in accordance with the Los Angeles City Charter. The department, also known as the Los Angeles World Airports, is a self-supporting branch of the City of Los Angeles, governed by a five-member Board.

Distribution of Service within City

The City operates and maintains an airport system comprised of the Los Angeles International, Ontario International, Van Nuys, and Palmdale Regional Airports.

The Los Angeles International Airport (LAX) is the major facility of the airport system, accounting for approximately 90% of the passenger traffic, 81% of the air cargo volume, and 84% of the air carrier operations for fiscal year 1996-97. In 1998, LAX served approximately 61.2 million annual domestic and international passengers.

Ontario International (ONT) is a medium-hub, full-service airport with commercial jet service to major cities in the United States and connecting service to international destinations. ONT served approximately 6.5 million annual passengers in 1999. In September 1998, ONT completed construction of two new terminals providing 26 aircraft gates, a new circulation loop roadway system, and three new parking lots.

The Van Nuys Airport has been ranked as one of the busiest general aviation airports in the world, with more than 523,000 aircraft operations, and more than 106 corporate jets based at VNY, representing half of all corporate jets in California during fiscal year 1996-97.

The Palmdale Regional Airport is comprised of approximately 17,750 acres of mostly undeveloped land owned by the City for future development of the facility. Air service ended at PMD in April 1998.

The commercial airports derive revenues primarily from aircraft landing fees and leases and concession fees from tenants. These revenues typically permit the airport system to operate without utilizing general tax funds. Aviation related enterprises that generate revenue include commercial air service, private flying schools, air cargo service, executive aircraft facilities, and small aircraft engine maintenance shops. Passenger services include car rental companies, gift shops and newsstands, restaurants, and parking. Airport expenditures include bond redemption and interest, maintenance of buildings and airfields, operating and administrative expenses, equipment and roadways, and capital development.

Proposed Apportionment

Based on the applicant's proposal, assets currently located within the boundaries of the Valley would be transferred to the new city as part of the proposed special reorganization. Van Nuys Airport (VNY) is the only City airport that lies within the boundaries of the special reorganization area.

In addition, the Valley has proposed that it would receive a pro rata share of the Department of Airports. The specific terms of such a division of the department would be set by LAFCO prior to the special reorganization election. The proposed implementation of such a division would be delayed three years to allow the Valley and the residual City of Los Angeles to negotiate joint powers agreements in good faith which, if concluded, would supersede a pro rata division of the airports.

Impediments to the Proposed Apportionment

Several impediments may prohibit the transfer of VNY and the division of the remaining Los Angeles World Airports to the proposed Valley City. These impediments include covenants in the Los Angeles World Airports bond indenture, the Instrument of Release and Quitclaim Deed through which VNY was acquired, and FAA grant assurances. Each impediment is discussed in detail below.

Although Cortese-Knox appears to provide LAFCO with the requisite legal authority to effect the transfer of Proprietary Department assets, LAFCO's transfer powers are limited by other statutory and constitutional considerations such as constitutional and statutory impairment of contracts protection.

The bond indentures for Los Angeles World Airports places restrictions on the disposition of an LAX Airport Facility or an Ontario International Airport Facility. The indentures prohibit the sale, transfer or disposition of an LAX or Ontario Airport Facility unless the property being disposed of complies with one of more of the following provisions:

1. The property being disposed of is inadequate, obsolete or worn out;
2. The property proposed to be disposed of will not constitute a Significant Portion and prevent the Board from fulfilling its obligations under the Indenture; or,
3. Prior to the disposition of such property there is delivered to the Trustee a Consultant's certificate stating that the Board of Airport Commissioners is in compliance with the rate covenant set forth in the Indenture during each of the five Fiscal Years immediately following the disposition.

Based on these conditions, it appears that consent of the Board would be required for any transfer of LAX or ONT facilities to the Valley City. Such consent is not assumed for the purposes of this analysis.

The City obtained Van Nuys Airport pursuant to an Instrument of Release and Quitclaim Deed from the United States Government. The deed provides for a federal review and approval before a transfer of VNY can be made. For the purposes of this report, it has not been assumed federal approval of such a transfer would be given.

Finally, the City has been the recipient of federal grants for the benefit of VNY, and is obligated to comply with numerous grant assurances. The City has received grant funding in 1987, 1989, 1990, and 1993 for projects including the reconstruction and relocation of taxiways, the relation of a service road and aircraft holding apron, the installation of taxiway guidance signs, and the rehabilitation of runway pavement.

The acceptance of the aforementioned federal grants has obligated the City and VNY to abide by several assurances that could potentially impact the transfer of VNY. Specifically, the City cannot sell, lease, encumber, or otherwise transfer any part of its title to the airport without the approval of the FAA. The terms and assurances of grant agreements with the FAA are required to remain in full force and effect throughout the useful life of the facilities developed, not to exceed 20 years from the date of acceptance of the grant offer of Federal funds for the project.

VNY Financial Operations

Van Nuys airport has been historically funded primarily from ground rental revenues. In fiscal year 2000-01 VNY is budgeted to receive over \$6.3 million in ground rental revenue. Additional aviation revenue is derived from renting hangars and buildings to aeronautical users, such as fixed base operators, charter services, and aircraft support and maintenance service companies. VNY also receives revenue from fuel fees and landing fees.

Budgeted expenditures and revenues of VNY for fiscal year 2000-01 are provided in the table below.

**VAN NUYS AIRPORT
PROJECTED EXPENDITURES AND SOURCES OF
FUNDS**

	2000-01 Budget
Expenditures	
Salaries and Benefits	\$ 4,800,000
Advertising and Public Relations	562,000
Insurance and Bond Premiums	395,000
Contractual Services	3,181,000
Maint. Materials and Supplies	1,624,000
Rent and Lease Expense	346,000
Water and Electricity	340,000
Misc. Administrative Expense	859,000
Other Services and Supplies	600,000
Total Van Nuys Airport	\$12,707,000
Sources of Funds	
Ground Rentals	\$ 6,329,000
Building/Hangar Rentals	1,022,000
Landing Fees	20,000
Fuel Fees/Other	447,000
Auto Parking	534,000
Airport Sales and Services	54,000
Vending Machine/Public Phones	23,000
Movie Permits	200,000
Other Revenue	6,000
Total Funds	\$ 8,635,000
Net Cash Flow from Operations	\$(4,072,000)

VNY has historically required a subsidy from operations at LAX to fund its operating expenses. For fiscal year 2000-01, VNY has a budgeted operating deficit of over \$4 million.

City Employees Retirement System

Officers and employees of the City of Los Angeles and their beneficiaries are entitled to retirement benefits (including disability and survivors' benefits) and health subsidy benefits under Article XXXIV of the Charter of the City of Los Angeles and by related ordinances.

The Los Angeles City Employees Retirement System (CERS) was established in 1937 under the exclusive management and control of a Board of Administration. The Board administers the retirement benefits for civilian City employees, except Department of Water and Power employees. The Board manages and administers the City Employees' Retirement Fund, invests the Fund's assets, determines the health providers and coverage for retired employees, and approves members' retirement applications including applications for disability retirements. CERS is staffed with approximately 85 employees, and managed by a General Manager who reports to the Board of Administration.

As of June 30, 2000, CERS had assets with actuarial value equal to 109.1% of actuarially accrued liabilities.

Description of Service

The City's Employees Retirement Fund is a defined benefit plan that provides retirement benefits based on years of service. For each year of service with the City the employee receives 2.16% of his final average salary. For example, a 30-year employee would receive 64.8% of his final average salary in retirement. If a CERS member is forced into disability retirement he will receive one third of his salary. In addition, CERS provides death benefits to survivors of members and retirement health benefits and subsidies to its members. City employees of less than five years are not vested in the program. However, members of less than five years may continue to vest should they become members of a reciprocal agency.

Proposed Apportionment

The applicant did not address the proposed apportionment of the City's retirement funds in its vision statement. The proposed Valley City would have three options for providing retirement benefits to its employees: contracting with the City of Los Angeles for continued benefits, starting its own pension fund, and contracting with the state employees pension system for coverage.

The most simplistic of the above options would be for the Valley to contract with the City of Los Angeles pension funds for continued benefits. This option would cause no negative impact on the City's risk exposure following the special reorganization as the number of employees covered under the system would remain unchanged. The Valley would not incur start-up costs associated with establishing its own pension funds, and there would be very little cost associated with the administration of the contract assuming that the benefits for Valley employees remain the same, or similar, to CERS.

The Valley also has the option of starting an independent pension fund to cover its employees. This option would require a transfer of assets and liabilities associated with the employees that would transfer from the City of Los Angeles to the Valley City. If the Valley chooses this option, it would require a computer application to administer pensions, which would result in start-up costs during the initial years of operation. In addition, this option may expose the Valley to greater risk. Because pension funds operate as insurance for workers who prematurely become unable to work due to illness or disability, and provide health insurance to an older and less healthy population than most health insurance programs, the risks associated with unexpected early retirements or heavy health care costs are greater when the group of covered members becomes smaller.

Lastly, the Valley has the option of contracting with the state employees pension system (PERS) for the coverage of its employees. For City employees who are currently covered by CERS the transfer could be accomplished relatively easily due to a reciprocity agreement currently in place between the two pension funds. However, while CERS participants could withdraw their contributions, including

accrued interest calculated at the 5-year Treasury Note rate, and participate in the PERS program, a large-scale withdrawal from CERS could potentially disrupt the weighting among different investment vehicles in the portfolio. Certain investments currently held by the City are not liquid, and a withdrawal by all Valley City employees may disrupt the existing portfolio mix. In addition, the sizable withdrawal may cause the actuarially computed contributions to change, given there may be a change in the characteristics of the remaining participants.

Projected Expenditures

While significant start-up costs would be eliminated through the contracting services from the City of Los Angeles, the Valley would be required to pay a fee to the City under the provisions of the contract for providing the management and administration of the pension systems. City employees have noted that there may also be minimal costs associated with separating City employees and Valley employees in the current system. This cost is assumed to be represented by the estimated \$3.6 million in IT transition costs described in section “Valley City Start-Up Costs – Information Technology Systems.”

The new Valley City would be responsible for a proportional share of the city's (non-member) contributions to CERS. In fiscal year 2000-01 the City has budgeted a contribution of \$67.5 million to CERS. Based on a transfer of 25.6% of City employees, the Valley's share of the annual contribution (if the special reorganization were effective immediately) would be approximately \$17.3 million. Future expenditures by the Valley City for CERS costs are assumed equal to the estimated fiscal year 2000-01 contribution. However, in the event the City's actuarial assumptions change (e.g., return on investment), the required annual contribution by the Valley City may increase or decrease.

The Valley City would also need to reimburse the City for its direct and indirect costs of managing the system. The estimated reimbursement to the City for contracted pension administration is derived using the fiscal year 2000-01 salary cost, multiplied by the percentage of citywide employees transferring to the Valley City (25.6%), and escalated for indirect costs.⁵⁸

⁵⁸ An indirect cost rate of 69.47% is used, based on the “Cost Allocation Plan 23” rates for the Personnel department “Personnel Grant Funded/Special Programs” services. .Source: City of Los Angeles, “2000-01 Indirect Cost Rates – CAP 23,” October 31, 2000.

Library

The Los Angeles Public Library operates and maintains a Central Library, eight regional branches providing reference and circulating service in their respective regions of the City, and 67 branches providing neighborhood service. The department controls its own budget.

Distribution of Service within City

The department is comprised of eight divisions. All department personnel are located at the Central Library with the exception of branch personnel. Branch personnel account for the majority of the department's staff and are located at the 67 branch locations.

The department operates the Central Library located in Downtown Los Angeles and eight regional branches. Two of the department's eight regional branches deliver services to the Valley. The West Valley Area Branch maintains nine local libraries, and the East Valley Area Branch maintains 10 local libraries. Each region's management staff is located in one of the region's local libraries.

Proposed Apportionment

Based on the applicant's proposal, the current level of service that is provided by the department for the benefit of the Valley would be transferred to the Valley City as part of the proposed special reorganization. An estimate of the number of department staff providing services for the Valley can be developed by identifying staff physically located in the Valley, and by analyzing the work performed by centrally located staff to determine the amount of resources being allocated to serve the Valley.

Transfer of City Personnel

For the fiscal year 2000-01 the department has 1,097 budgeted positions (excluding Commissioners). The Board of Library Commissioners is the legal head of the department. The five-members of the Board are appointed by the Mayor and confirmed by the City Council. Board members work part-time and are not salaried employees. The mayor of the Valley City would need to appoint the Valley City's Board of Library Commissioners as well as the City Librarian, which is an appointed salaried position.

Of the department's staff geographically distributed by library branch, 29 percent are located in the Valley. Given that branches are designed to deliver neighborhood services, the 19 Valley branch libraries and their staff would be transferred to the Valley City as part of the proposed special reorganization. The remaining 48 branches and the Central Library will remain under the City's control. The DWP's Library/Information Center, which is staffed by the Library Department, will also remain under control of the City.

To identify the number of centrally located staff that serve the Valley, a review of the specific functions of each department division must be undertaken in order to determine relevant workload measures for each division. The various indicators of workload can be used to estimate the proportion of each division's function that is dedicated to services that benefit the Valley. The table below summarizes each division's functions.

CITY OF LOS ANGELES PUBLIC LIBRARY INTERNAL DEPARTMENT FUNCTIONS

<u>Division</u>	<u>Function</u>
Business Office	Manages all fiscal activities; purchases all materials, equipment and services; performs contract administration and facilities management.
Special Projects	Manages special projects determined by the Assistant City Librarian and supervises Volunteer Services.
Children's Services	Provides promotional and administrative support for system-wide programs, e.g., Children's Reading Clubs. Coordinates training of Children's librarians.
Branch Library Services	Plans, directs, and controls branch and bookmobile services. Includes supervision of 6 area managers. Selects and trains professional and support staff.
Central Library Services	Manages and supervises the Central Library. Oversees provision of library services and supervises principal librarians in charge of subject departments.
Info. Technologies & Collections	Provides for the maintenance and support of the library's material resources including electronic distribution of information over wide-area network. Develops and maintains infrastructure for disseminating electronic resources including online circulation and catalog system.
Young Adult Services	Provides promotional and administrative support for system wide programs targeted to young adults. Trains Young Adult Librarians.
Facilities	Oversees the 32 projects of the Library's capital program. Interacts with architects, project managers, and City departments. Oversees land acquisition, design, construction, budget and conducts community meetings.

Based on the functions of each division, measures of workload have been identified that can be used to estimate the proportion of each departmental division providing service to the Valley.

The Business Office, Special Projects, Children's Services, and Young Adult Services divisions provide system-wide services. Using the geographic distribution of branch staff as an indicator of services provided by each branch, these divisions can reasonably be apportioned using the percent of staff dedicated to Valley branches. As discussed below, the Information Technologies, Collections division is not assumed apportioned to the Valley City, as services would be contracted from the City.

The Facilities Division, which oversees the Library's 1998 and 1989 Library Bond Program will remain under the control of the City. The Bond Issue finances 32 branch library construction projects, 13 of which are located in the Valley. Language in the Bond documents specifies that the City administer and manage the Library Bond Construction Program. It is assumed that the City will continue to administer the Bond Program, and the Valley City will reimburse the current Library Department for Bond Program-related administrative costs.

Finally, Management and Human Resource (HR) Divisions primarily support the activities of the department's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Valley City.

**CITY OF LOS ANGELES PUBLIC LIBRARY
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions</u>	<u>Valley Allocation</u>
Management & Administration			
Management	Proportion of Department employees transferred	24	6
Human Resources	Proportion of Department employees transferred	7	2
Public Information	Proportion of employees at Valley Branches	5	1
Divisions			
Business Office	Proportion of employees at Valley Branches	82	24
Special Projects	Proportion of employees at Valley Branches	11	3
Children's Services	Proportion of employees at Valley Branches	21	6
Young Adult Services	Proportion of employees at Valley Branches	12	4
Information Technologies &	Not transferred		
Collections		110	0
Central Library Services	Office location: all employees remain with City	156	0
Water & Power	Office location: all employees remain with City	2	0
Branch Library Services			
Central/Southern Area	Office location: all employees remain with City	108	0
East Valley Area	Office location: all employees transfer to new city	104	104
Hollywood Area	Office location: all employees remain with City	113	0
Northeast Area	Office location: all employees remain with City	102	0
West Valley Area	Office location: all employees transfer to new city	135	135
Western Area	Office location: all employees remain with City	99	0
Facilities		6	0
Total Staff		1,097	285

The special reorganization would result in the transfer of approximately 26 percent or 285 department staff to the new city. Each of the departments may have single-staff positions that, if apportioned, would cause inefficiencies in the department's operations. Each department would therefore need to develop a plan for reorganization to accommodate these positions.

Sufficiency of Staff Transferred to Valley and Retained by the City of Los Angeles

Given that staff in the department do not maintain uniform levels of skill, it is necessary to analyze the composition of staff to ensure that, should reorganization occur, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department's 1,097 budgeted positions, approximately 36 percent are profession/technical. The professional/technical positions consist primarily of Librarians, but also include Management Analysts, Systems Analysts, Accountants, and various other professions. The clerical/administrative/other support category comprises the majority, or 61 percent of the department. This category includes Library Assistants, Clerks, Clerical Assistants, Messengers and other support positions such as Security Guards, Warehouse Workers, and Drivers. Management and specialists account for approximately three percent of the department. This category consists primarily of Division Chiefs and Principal Librarians.

**CITY OF LOS ANGELES PUBLIC LIBRARY
COMPOSITION OF WORKFORCE**

<u>Category</u>	<u>Positions</u>	<u>Percent of Total</u>
Management/Specialist	35	3%
Professional/Technical	398	36%
Clerical/Administrative/Other Support	668	61%
Total	1,102	100%

To achieve a similar composition of skills among department staff in the new city, the 285 positions apportioned to the Valley would consist of the following: 9 management/specialist positions, 103 professional/technical positions, and 173 clerical/administrative/other support positions.

Transfer of Equipment and Facilities

As proposed, the special reorganization would result in the transfer of 19 existing library branches to the new city. These branches are owned by the City of Los Angeles. Thirteen of these branches are affected by the 1998 or 1989 Bond Issues. Three branches are currently in the construction phase and the remaining branches are estimated to have completed construction before or by 2004. It is assumed that the City will continue to administer the Bond Programs until construction of all Valley branches is complete.

Transition of Service to the New City

The proposed apportionment would consist of transferring to the Valley City the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It is assumed the City could transfer all required staffing necessary for the new department to operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

The City is also currently in the midst of a "1998 Library Bond Program," which involves the construction or renovation of 32 branch libraries, including libraries in the Valley. It is planned that the program will be funded primarily from the proceeds of general obligation bonds, approved by the voters in November 1998. This fiscal analysis assumes the City and Valley City would cooperatively work to continue to manage the program through completion. It is further assumed the City would continue to issue the bonds to finance capital, financing, and certain project management costs of the project, which would be repaid by all affected property owners, including those in the Valley.

Projected Expenditures

The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The estimated salary cost for the new department is \$12,171,459. This estimate does not include positions required to staff Phase III and Phase IV of the Extended Service Hour Program. According to documents prepared by the City, completion of Phase III and IV consists of funding 77.5 additional positions for fiscal year 2001-02. This number is expected to increase after the construction of two branches, Encino Tarzana and Northridge, which will be completed after fiscal year 2001-02. Of the 77.5 additional positions for fiscal year 2001-02, 18 are located in the Valley.

Furthermore, upon completion of bond-related projects over the next few years, additional positions may be requested to staff new facilities that are larger than the facilities they replaced.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred. This estimate does not include positions required to staff Phase III and Phase IV of the Extended Service Hour Program.

Contractual Services

The department contracts the service of outside vendors primarily for support of its information technology (IT) environment, including the Library network, servers, telecommunications, WEB access, and the CARL system. The Valley City would likely require the use of the department's existing IT infrastructure and may be liable for the costs of contractors used by the City. However, as further discussed in section "Valley City Start-Up Costs – Information Technology Systems," the specific arrangement between the City and Valley City for the sharing of various components of the City's IT environment cannot be determined at this time. In order to provide at least a lower bound estimate for the Valley City share of Library Department IT services, it is assumed the Valley City would incur contract services costs proportional to the City's fiscal year 2000-01 budget amount, based on the number of department staff transferred to the Valley City.

The new city's Library Department could incur significant start-up costs if it were to attempt to establish its own automated library system. This system consists of the following:

1. Online Catalog: The online catalog, automated reserve system, and delivery distribution network allows books to be delivered in 24 hours to patrons' neighborhood branch libraries.
2. Catalog-Related Databases: The catalog operates on an acquisitions/catalog/circulation database that enables automated purchasing, circulation, and inventory systems.
3. Network Connections: Telecommunication equipment, software, and computer hardware create a Virtual Library that connects all branches and the Central Library, and provides patrons access to several electronic databases provided by outside vendors.
4. Website: The website provides access to the online catalog.

For the purpose of this analysis, it is assumed that the Valley City would, at least initially, attempt to share all possible components of the department's IT environment, including the automated library system. The department's costs for maintaining the IT environment would be reimbursed through contractual services payments to the City. The estimated payment is based on the proportion of Information Technology & Collections staff that would provide benefit to the Valley City. This number is estimated based on the proportion of Branch Service division employees located in the Valley.

Projected Revenues

The department is primarily funded by property taxes. According to the City Charter, the Los Angeles Public Library is appropriated an annual sum of not less than 0.0175% of the assessed value of all property in the City as assessed for City taxes. The Mayor-Council may make additional appropriations from the General Fund as they see fit. The Mayor-Council appropriations have historically funded salaries and personnel expenditures. The Valley City's Library Department appropriation will be determined by the Valley City's total property tax assessments and the Valley City's Mayor-Council. The Mayor-Council will have authority to make appropriations from the Valley City's General Fund.

The Library Foundation is the fundraising arm of the Library Department and is the department's second largest revenue source. Foundation funds are used to support reading enrichment programs and the acquisition of new print resources and reference materials. According to information provided by the City, the terms of the gifts to the Foundation determine how money is expended. If, however, there is a general gift for "children's programs", for example, the funds are allocated according to need. In order to maintain the current level of service provided by the Library Department, the new city would need to establish its own fundraising entity or maintain the Library Foundation of Los Angeles as its fundraising arm.

**CITY OF LOS ANGELES PUBLIC LIBRARY
REVENUES**

<u>Revenue Source</u>	<u>2000-01 Budget</u>
Appropriations	
Mayor-Council Appropriation	\$ 50,574,878
Other Revenue	
Fines & Fees	1,900,000
Other Departmental Revenue	535,000
Other Receipts	715,000
Library Foundation	6,200,000
 Total Revenues	 \$ 59,924,878

All general revenue receipts contributed by residents and businesses in the Valley are assumed contributed to the Valley City's general fund. "Other Departmental Revenue" generally includes reimbursement from the DWP for operating the DWP's Library/Information Center, donations, and funds transferred from the Library Trust Fund to the Library Budget. The Valley City will not receive reimbursement from the DWP because the DWP's Library/Information Center will remain under control of the City of Los Angeles. "Other Receipts" generally include revenue collected from photocopying, lost books, filming permits, reimbursement from the Library Bond program and employee parking. It is anticipated that the Valley City Library Department will receive "Other Receipts" proportional to the number of branch libraries in its jurisdiction.

Pensions

The Board of Pension Commissioners of the fire and police pensions has the responsibility for and the exclusive control of the administration and investment of monies in the funds of the Fire and Police Pension System, New Pension System, and the Safety Members Pension Plan. It administers the provisions of the City Charter relative to service, disability, and dependents' pensions for members of the Fire and Police Departments. The department is staffed with approximately 60 employees, and managed by a General Manager who reports to the Board of Pension Commissioners.

Members of the Los Angeles Police and Fire Departments and their beneficiaries are entitled to pension, disability, and survivor's benefits under Articles XVII, XVIII and XXXV of the Charter of the City of Los Angeles.

Article XVII: the Fire and Police Pension System covers employees hired before January 29, 1967, except those that elected to transfer to the New Pension System.

Article XVIII: the New Pension System covers employees hired after January 28, 1967 and before December 8, 1980, except those who were hired before January 29, 1967 and elected to transfer from the Fire and Police Pension System.

Article XXXV: the Safety Members Pension Plan covers employees hired on or after December 8, 1980. The plan also covers those certified paramedics and civilian ambulance employees who transfer from the City Employees' Retirement System during the year ending June 30, 1983, or have since been hired.

As of June 30, 2000, the actuarial value of the system's assets was \$10,985,936,206. This represents a funded ratio of 114.4% of the actuarial accrued liability of pension benefits (\$9,604,173,677).

The City provides contributions to the pension funds, made up of two parts:

- Normal Cost Contributions: contributions that are determined as the cost of the system benefits accruing each year. If all assumptions are realized, and there are no gains or losses, this amount will remain unchanged as a percent of pay unless the average age of the population increases. In this case, contributions as a percent of pay will increase. The contributions will also increase as a dollar amount as total covered payroll increases.
- Funding of Unfunded Actuarial Accrued Liability (UAAL): represents liabilities accrued to date, that have not been funded by prior years' normal cost contributions. Most of the UAAL is funded as a level of percent of payroll until the year 2012. Increases in the UAAL due to assumption changes are amortized over 30 years, and gains and losses are amortized over 15 years.

Description of Service

The benefits of the Police and Fire Pension System are similar to those of CERS (see "Transfer of Service, Costs, Revenues, and Assets – Non-Departmental - City Employees Retirement System") with the exception of more liberal disability benefits. Benefits are based on members' final compensation and terms of service. Members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing each year of service over 20 years, to a maximum of 66 2/3% to 70% depending on when the employee was hired. The plans adjust for annual cost of living adjustments.

The inherent risks involved in the job requirements of the members in the system lend themselves to greater instances of disability than the employees of other city occupations, which causes the pension system to experience more disability claims than CERS. The system's disability benefits range from 30% to 90% of a member's salary.

Proposed Apportionment

The applicant did not directly address the proposed apportionment of the police and fire pensions in its vision statement. As discussed in the section describing CERS, the proposed Valley City would have three options for providing police and fire retirement benefits to its employees: contracting with the City of Los Angeles for continued benefits, starting its own pension fund, and contracting with the state employees pension system for coverage. For fire and police employees, however, the transfer would be more complex than CERS as there is no reciprocity agreement with PERS.

Given the lack of a specific proposal by the applicant, it is assumed that the new Valley city would contract police and fire pension services from the City of Los Angeles.

Projected Expenditures

While significant start-up costs would be eliminated through contracting services from the City of Los Angeles, the Valley would be required to pay a fee to the City under the provisions of the contract for providing the management and administration of the pension systems. City employees have noted that there may also be minimal costs associated with separating City employees and Valley employees in the current system.

The new Valley City would be responsible for a proportional share of contributions to the fire and police pension system. For fiscal year 2000-01 the City has budgeted \$135.7 million for the fire and police pension system to fund future liabilities of the system. The City's budget shows that the proceeds of the 2000 Tax and Revenue Anticipation Notes were used to fund the contribution to the system; however, it is not required that the notes be used for this purpose. It is assumed for the purposes of this analysis that the Valley would pay for 30% of the contribution to the system (based on the number of employees citywide that would transfer to the Valley City), or \$40.1 million.

The Valley City would also need to reimburse the City for its direct and indirect costs of managing the police and fire pension system. The estimated reimbursement to the City for contracted pension administration is derived using the fiscal year 2000-01 salary cost, multiplied by the percentage of citywide employees transferring to the Valley City (30%), and escalated for indirect costs.⁵⁹

⁵⁹ An indirect cost rate of 69.47% is used, based on the "Cost Allocation Plan 23" rates for the Personnel department "Personnel Grant Funded/Special Programs" services. Source: City of Los Angeles, "2000-01 Indirect Cost Rates – CAP 23," October 31, 2000.

Recreation and Parks

The Department of Recreation and Parks maintains and operates sites for recreational use, for educational purposes, and for various programmed activities. The sites include parks, playgrounds, swimming pools, public golf courses, recreation centers and camps, museums, nature observatories, and structures of historic significance. The department controls how its funds are spent, and a five-member Board of Commissioners sets department policy.

Distribution of Service within City

The department's activities can be divided in two broad categories: (1) direct services to the public in the form of maintaining and operating sites that provide the public with recreational and educational opportunities; and (2) several intra-department technical and operations support functions.

The department provides its direct services at nearly 390 facilities located throughout the City of Los Angeles.⁶⁰ The types of facilities vary widely from small neighborhood parks to large multifaceted recreation centers. Some of the department's more notable facilities include Griffith Park Observatory in central Los Angeles, the Cabrillo Marine Museum in San Pedro, and the Hansen Dam and Sepulveda Basin recreation facilities located in the Valley. To maintain and operate its various facilities, the department divides the City geographically into three regions -- Griffith Metro, Pacific, and Valley -- and has specific departmental divisions assigned exclusively to these regions. The boundaries of the Valley region conform almost precisely to those of the Valley special reorganization area. All department facilities located in the Valley are listed in the "Proposed Apportionment" section below.

The department technical and operations support functions include routine administration and budgetary activities, public relations, personnel administration, and grant administration. Department headquarters is located downtown at 200 N. Main Street, although staff are dispersed at department facilities citywide.

Proposed Apportionment

The proposed apportionment seeks to provide the new Valley City with local control of the services the Valley currently receives from the Department of Recreation and Parks. Such an apportionment could be accomplished by transferring to the new Valley City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Valley; (2) all department facilities located in the Valley, as well as the equipment and other assets located at or assigned to those facilities; and (3) a proportionate share of the centralized assets used to provide direct administrative support for the department.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the estimated workload and service needs in the Valley. For fiscal year 2000-01 the department has 1,884 budgeted positions, of which 5 are Commissioners.⁶¹ The department is divided into 10 divisions, the functions of which are described in the table below.

⁶⁰ The department also operates some facilities located out side the boundaries of Los Angeles. These include five camping facilities: Camp High Sierra in Mammoth Lakes, Camp Redford in Angeles Oaks, Camp Seeley in Crestline, Camp Valcrest in La Canada Flintridge, and Decker Canyon Camp in Malibu.

⁶¹ In addition to these budgeted full-time positions, the department makes extensive use of part-time employees to operate its facilities. For fiscal year 1999-00, the department allotted 1,831,566 part-time hours. These part-time hours are not included in this analysis.

DEPARTMENT OF RECREATION AND PARKS INTERNAL DIVISION FUNCTIONS

<u>Division</u>	<u>Function</u>
Management	Provides department-wide management and oversight.
Administrative and Finance Branch	Responsible for administrative and financial control functions, including accounting, budgeting, and other administrative functions.
Public Relations Branch	Responsible for public information, department publications, news media relations, and photography.
Resource Development Branch	Responsible for administering and securing grants.
Personnel Branch	Oversees hiring process and maintains all employee records; also manages employee-management relations and workers compensation issues.
Planning and Development Branch	Responsible for administrative, project management and environmental analysis functions on department design and construction projects; also responsible for land management and for scope/pre-design engineering and architectural on capital projects.
Citywide Services Branch	Administers numerous programs related to golfing, department equipment and grounds, child care, senior citizens recreation, aquatics, and other department-sponsored activities.
Griffith Metro Region	Manage grounds, facilities and operation of Griffith Park, Griffith golf courses, Elysian Park, Echo Park, MacArthur Park, and other facilities and areas.
Pacific Region	Manage grounds, facilities and operation of Venice Beach Recreation Center, Angels Gate Complex, Ken Malloy Harbor Regional Park, and several other facilities and areas.
Valley Region	Manage grounds, facilities and operation of Sepulveda and Hansen Dam recreational facilities, O'Melveny Park, and several other facilities and areas.

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Valley. As shown in the table below, it is estimated that a total of 501 positions provide service to the Valley. A special reorganization would thus result in 501 positions, or roughly 26.7% of the department's staff, being transferred to the new Valley City.

**DEPARTMENT OF RECREATION AND PARKS
ALLOCATION OF WORKLOAD AND PERSONNEL**

<u>Division</u>	<u>Allocation Method</u>	<u>Positions*</u>	<u>Valley Allocation</u>
Management	Proportion of employees	5	2
Administrative and Finance Branch	Proportion of employees	66	17
Public Relations Branch	Proportion of employees	4	1
Resource Development Branch	Proportion of employees	17	4
Personnel Branch	Proportion of employees	15	4
Planning and Development Branch	Proportion of employees	57	16
Citywide Services Branch	Proportion of employees	278	74
Griffith Metro Region	Employee service area	592	0
Pacific Region	Employee service area	462	0
Valley Region	Employee service area	383	383
Total		1,879	501

* Number of positions per division based on the 1999-00 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Valley is as follows. For three divisions – Griffith Metro Region, Pacific Region, and Valley Region – positions are apportioned based on the geographic service area to which these positions provide service. As discussed above, the Valley Region has boundaries that conform almost precisely to the boundaries of the Valley special reorganization area. Thus all positions in the Valley Region are apportioned to the new Valley City. This totals 383 positions, or 26.7%, of the 1,437 positions in the department assigned to the three geographic-specific divisions.

For the remaining divisions within the department – Management, Administration and Finance, Public Relations, Resource Development, Personnel, Planning and Development, and Citywide Services– the apportionment is made on a “proportion of employees” basis. Specifically, the number of positions providing service to the Valley is estimated based on the proportion of employees in all of the department’s other divisions providing services to the Valley. The logic of this apportionment is that the proportion of employees providing services to the Valley among all those employees assigned to specific geographic regions is a measure of the percentage of positions in the department’s remaining divisions providing services to the Valley.

The department has also budgeted for a large amount of hours for “as needed” positions in fiscal year 2000-01. A proportional amount of the cost for these positions is assumed transferred to the Valley City in the same percentage as the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Valley and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Recreation and Parks do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Valley City and retained by the City of Los Angeles.

As shown in the table below, of the department’s 1,879 non-Commissioner positions, roughly 53.3% are professional/technical. The professional/technical positions consist of Analysts, Engineers,

Accountants, Systems Analysts, skilled tradesman, and most positions designated “Senior” or “Principal”. The administrative/support category comprises roughly 45.8% of department staff. It includes Clerks, Laborers, Workers, Helpers, and various administrative staff. Finally, roughly 0.9% of department staff are either upper management or highly specialized. These consist of General Managers, Assistant General managers, and various “Chief” positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Valley City, the 501 positions apportioned to the Valley would consist of the following: 267 professional/technical, 229 administrative/support, and 5 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

DEPARTMENT OF RECREATION AND PARKS COMPOSITION OF WORKFORCE

<u>Category</u>	<u>Positions</u>	<u>% of Total</u>
Professional/Technical	1,001	53.3%
Clerical/Administrative	861	45.8%
Management/Specialists	17	0.88%
Total	1,879	

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets that provide services to the Valley. Such a transfer would consist of all department facilities located in the Valley, including parks, pools, historical sites, and all other facilities. Appendix I to this report lists roughly 129 department facilities located in the Valley. The list includes all parks and park-based facilities, aquatics facilities, historical sites, museums, and all community and senior citizen buildings and centers.

In addition to the facilities listed in Appendix I, the department also owns and operates 13 public golf courses, four of which are located in the Valley. These four golf courses would be apportioned to the new Valley City, and are listed in the table below.

DEPARTMENT OF RECREATION AND PARKS GOLF COURSE LOCATED IN THE VALLEY

<u>Name</u>	<u>Address</u>	<u>Type</u>
Balboa Golf Course	16821 Burbank Blvd., Encino	18-Hole
Encino Golf Course	16821 Burbank Blvd., Encino	18-Hole
Hansen Dam Golf Course	10400 Glenoaks Blvd., Pacoima	18-Hole
Woodley Lakes Golf Course	6331 Woodley Ave., Van Nuys	18-Hole

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

One potential transition issue relates to agreements the department has with several government entities for the use and/or maintenance of various facilities. Should a special reorganization occur, the new Valley City may need to either negotiate new contracts with these government entities or ensure the terms of the exiting contracts can be adhered to. The table below lists the department's agreements with other government entities as of fiscal year 2000-01.

**DEPARTMENT OF RECREATION AND PARKS
AGREEMENTS WITH OTHER GOVERNMENT ENTITIES**

<u>Government Agency</u>	<u>Nature/Purpose of Agreement</u>
Los Angeles County Regional Park and Open Space District	Various capital grants for which the department is required to maintain specific capital improvements into perpetuity
Los Angeles Unified School District	Joint Use Agreement for operation of swimming pools and other facilities
State of California Parks and Recreation	Various capital grants for which the department is required to maintain specific capital improvements into perpetuity
State of California Department of Justice	Review and reporting of employee fingerprint results
U.S. Dept. of Housing and Urban Development	Senior/youth meals
U.S. Army Corps of Engineers	Lease of Hansen Dam and Sepulveda Basin Recreation Areas

Projected Expenditures

The Department of Recreation and Parks' projected expenditures for fiscal year 2000-01 are roughly \$118.6 million. As shown in the table below, salaries and expenses constitute almost all of the Bureau's expenditures.

**CITY OF LOS ANGELES – DEPARTMENT OF RECREATION
AND PARKS
USES OF FUNDS**

<u>Uses of Funds</u>	<u>2000-01 Budget</u>
Expenditures:	
Salaries	\$ 96,344,238
Expenses	13,378,813
Equipment	2,141,309
Special	782,000
Interdepartmental Charges	5,623,270
Total Expenditures	\$ 118,269,630

In addition to the expenditures above, the department will also expend roughly \$14.6 million as part of the City's Capital Improvement Expenditure Program (CIEP).

In estimating expenditures for the Department of Recreation and Parks in the new Valley City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Valley with local control of the services it receives from the department is estimated to require 501 positions throughout the entire planning period.

Contractual Services

The department's fiscal year 2000-01 budget for contractual services is roughly \$5.7 million. The department has ongoing contracts for several kinds of services: (1) Planning and Consulting; these

include contracts for architectural design, engineering, and environmental research services; (2) Construction: for construction services on department facilities; (3) Concessions: these include concession contracts for food services, golf pro services, horse shows, arcade games, and batting cages; (4) Leases: contracts allowing companies to drill for oil on department-owned land; and (5) Personal Services: for financial planning and information technology services.

It is assumed that the new Valley City will require similar contract services, that the costs of these contract services can be estimated based on the percentage of department staff providing services to the Valley (26.7%, as calculated above).

Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Valley City Start-Up Costs."

Projected Revenues

The ability of the new Valley City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of Recreation and Parks in the new Valley City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Valley.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other funding sources. The new City of Los Angeles Charter mandates an annual appropriation to the department of not less than 0.0325% of assessed value of all property as assessed for City taxes.⁶² The table below shows the department's sources of funds for fiscal year 2000-01.

⁶² Charter of the City of Los Angeles, Art. V, Section 593(a).

**CITY OF LOS ANGELES –
DEPARTMENT OF RECREATION AND
PARKS
SOURCES OF FUNDS**

<u>Sources of Funds</u>	<u>2000-01 Budget</u>
City Funds:	
General Fund	\$ 94,021,781
Proposition K	251,549
Camps	570,000
Golf	15,950,000
Observatory	600,000
Parks	1,500,000
Pools	674,000
Recreation Centers	1,200,000
Tennis Reservations	550,000
Miscellaneous	2,417,300
Museum Donations	35,000
Unreserved Fund Balance	500,000
 Total	 \$ 118,269,630

In addition to these revenues, the department also receives several federal and state grants that support several department programs. These grant fund revenues will total roughly \$7.6 million in fiscal year 2000-01, with \$6.5 of this total coming from the federal Community Development Block Grant. With the exception of revenues from the Griffith Park Observatory, it is assumed that a proportional amount each of these revenue sources can be transferred to the new Valley City.

Water and Power

The department, under the City Charter, is responsible for supplying the City with water and electric energy by constructing, operating, and maintaining public works throughout the City, and Inyo and Mono counties. The department also imports water and electric energy to other western states.

Description of Existing Service – Water

The City has three principal water supply sources: the Los Angeles Aqueduct (LAA), local groundwater, and purchased water imported by the Metropolitan Water District of Southern California (MWD).

Los Angeles Aqueduct

The First LAA was completed in 1913, and consisted of the 233-mile Owens River Aqueduct transporting water from the eastern slopes of the Sierra Nevada. In 1940, the aqueduct was extended 105 miles north to the Mono Basin. The Mono Basin Project increased the capacity of the LAA system to almost 300 million gallons per day (mgd) or 336,000 acre feet per year. An acre foot (ac ft) equals the amount of water that covers an acre by one foot, or 43,560 cubic feet of water, or 325,851 gallons.

The Second LAA was completed in 1970 and transports additional water from the southern Owens Valley to Los Angeles. The completion of the Second LAA increased the system capacity to about 500 mgd or 560,000 ac ft per year.

There are seven reservoirs in the LAA system with a combined storage capacity of approximately 325,000 ac ft Long Valley Reservoir (Crowley Lake) is the City's largest storage reservoir. Listed in the table below is the capacity of each of the City's aqueduct and local reservoirs.

DEPARTMENT OF WATER AND POWER AQUEDUCT RESERVOIRS

<u>Reservoir</u>	<u>Capacity (Acre Ft.)</u>
Crowley Lake (Long Valley)	183,249
Grant Lake	47,499
Bouquet	33,767
Tinemaha	6,306
North Haiwee	11,533
South Haiwee	27,774
Fairmont No. 2	491
Pleasant Valley	2,989
Total	313,608

Source: City of Los Angeles Department of Water and Power

**DEPARTMENT OF WATER AND POWER
SERVICE AREA RESERVOIRS**

<u>Local Reservoir</u>	<u>Capacity (Acre Ft.)</u>
Lower Stone Canyon	10,372
Los Angeles	10,170
Encino	9,789
Lower Hollywood	4,029
Silver Lake	2,440
Upper Stone Canyon	422
Santa Ynez	359
Eagle Rock	254
Van Norman Bypass	240
86 smaller reservoirs and tanks	1,320
 Total	 39,395

Source: City of Los Angeles Department of Water and Power

Local Groundwater Supply

The City is also entitled to 110,000 ac ft per year from the San Fernando Basin (SFB), and Central, Sylmar and West Coast groundwater basins. The San Fernando and Sylmar basins are part of what is referred to as the Upper Los Angeles River Area (ULARA), which also includes a Verdugo and Eagle Rock basin. The City has extraction rights to all but the Verdugo Basin. Since 1970, local wells have produced about 95,000 ac ft per year accounting for 15 percent of the City's total water supply. About 80 percent of this groundwater comes from the SFB with the remaining basins making up the balance. In emergencies or during prolonged drought periods, additional groundwater can be extracted from the SFB. The availability of groundwater supplies is planned by the City to increase to 152,000 ac ft per year by 2015 if recycled water is used to recharge and replenish the water stored in the SFB.

In 1781, the King of Spain granted 17,000 acres of land and the water rights to all of the upper Los Angeles River to the original settlers of Los Angeles. The City retains these "Pueblo" water rights to virtually all of the surface and groundwater of the ULARA. In 1979, the California Supreme Court ended 20 years of court litigation with an affirmation of these rights.

Purchased Water

The MWD is a regional water "wholesaler," providing water to agencies. MWD serves 27 member agencies in Southern California with a population of nearly 16 million people. Since 1970, the City has purchased an average 125,000 ac ft per year from the MWD, or 20 percent of the City's total supply. The City's annual MWD purchases can vary significantly, depending on the need to supplement LAA deliveries if dry conditions exist.

In-City Treatment and Distribution Facilities

The department operates a state-of-the-art water treatment plant in Sylmar to produce water that meets or exceeds all drinking water standards. This treatment plant was put in service in 1988 and has a treatment capacity of 600 mgd. Additionally, two groundwater treatment facilities have been constructed to remove contaminants from wells in the San Fernando Basin.

Treated water is distributed to the City by a system consisting of about 7,200 miles of water mains ranging from four inches to 10 feet in diameter. The oldest pipes were installed in 1885. Storing and regulating water in the city is done with the use of 81 tanks and 17 reservoirs. In areas of higher elevation, 85 pump stations deliver water. There are about 5,500 fire hydrants connected to the City water system. Water use is measured by about 660,000 metered service connections.

Water Demands

Annual water demands in Los Angeles are about 628,000 ac ft with an average per capita use of 135 gallons per day. About two-thirds of the City's demand is for residential uses, equally shared by single-family and multi-family units. About one-quarter of the demand is for commercial and governmental uses, with a very small amount used by industry. The City's has projected its water demand to grow to about 750,000 ac ft per year to support an estimated additional 900,000 residents expected by 2015.

Statistics

In fiscal year 1998-99, the following quantities of water by source were produced by the Los Angeles Department of Water and Power. Quantities so produced as reported by LADWP are:

DEPARTMENT OF WATER AND POWER QUANTITY OF WATER PRODUCED		
	Quantity (acre-feet, ac ft)	% of Total
Los Angeles Aqueducts	422,960	67%
Local Groundwater	128,500	21%
MWD Purchases	72,700	12%
Total	624,160	100%

Note: Of the City's total local groundwater supply, 105,940 ac ft was pumped from the San Fernando Basin, and 22,570 ac ft was pumped from the Central and Sylmar Basins.

The projected water supply mix for the City by 2005 (from LADWP Year 2000 Urban Water Management Plan, also available at www.ladwp.com), is:

DEPARTMENT OF WATER AND POWER WATER SUPPLY MIX			
Source	Supply Condition		
	Normal	Dry	Wet
Los Angeles Aqueducts	0.47	0.22	0.65
Local Groundwater	0.16	0.19	0.15
MWD Purchases	0.33	0.56	0.17
Recycled Water	0.03	0.03	0.03

The City's Pueblo water rights apply to all surface water in the Upper Los Angeles River Area and to groundwater in the San Fernando Basin, but not in the Sylmar Basin. About half of the City's 90,000 ac ft per year groundwater entitlement from the San Fernando Basin is from the Pueblo right, with the other half coming from return flows (recharge from delivered water).

The City has appropriative and return flow groundwater rights of approximately 3,250 ac ft per year in the Sylmar Basin (approximately one-third appropriative and two-thirds return flow right). Additionally, 5,000 ac ft per year of surface flow originating from land that overlies the Sylmar Basin recharges the SFB and is part of the City's Pueblo right in the SFB.

Pursuant to the judgment in *Los Angeles v. San Fernando L.A.S.C.* No. 650079, the Watermaster is responsible for recalculating the safe yield of the Sylmar and San Fernando Basins as needed. This determination fixes the amount of water that may be produced by the City from those sources. The

return flow portion of the City's groundwater right, however, is calculated based on the quantity of delivered water into each respective basin.

The Los Angeles Aqueduct (LAA) delivers surface and groundwater from the Owens Valley and surface water from the Mono Basin. Most of the water delivered by the LAA (over 90%) today comes from surface runoff from the Owens Valley. LADWP uses the same water rates inside the City regardless of the source of water that is served to its customers. However, as described above, a different rate level applies to customers that are located outside the City.

The LADWP reports its cost of producing City water in fiscal year 1998-99 was:

DEPARTMENT OF WATER AND POWER		
COST OF PRODUCING WATER		
	<u>Total Costs</u>	<u>Quantity Delivered</u>
Los Angeles Aqueducts	\$ 75,427,600	422,960 AF
Local Groundwater	15,072,500	128,500 AF
MWD*	30,300,000	72,700 AF

*MWD treated noninterruptible water rate is \$431 per ac ft as of Jan. 1, 2001.

Total costs for Los Angeles Aqueduct and local groundwater are primarily fixed overhead and maintenance expenses, and are not directly related to the amount of water delivered. Data provided by LADWP reflect expenses incurred to produce water prior to introduction to the distribution system. Los Angeles Aqueduct total costs include source of supply, pumping, treatment, and transmission expense. Local groundwater costs include mainly expenses related to pumping groundwater, including power. MWD costs reflect total invoices from MWD for the fiscal year.

The City currently does not pump groundwater from the West Coast Basin, and there is no other local groundwater production other than from the SFB, Central, and Sylmar basins. LADWP no longer operates the town water systems in the Owens Valley. In fiscal year 1998-99, 7,785 ac ft of water were sold to customers outside the City.

Applicant's Proposed Service Method – Water

In its "vision statement," the Valley applicant has proposed that, as part of the special reorganization, the Valley City would be entitled to a pro rata share of the City of Los Angeles Department of Water and Power. The specific terms of the pro rata allocation of the department would be determined by LAFCO, prior to the election on special reorganization. In lieu of an allocation or divestiture of the department, the applicant has proposed that it be given the opportunity to negotiate terms of a joint powers authority with the City for a period of three years. In the event the City of Los Angeles and Valley City cannot reach an agreement, the divestiture would occur according to the terms developed by LAFCO at the time of the election.

The Valley applicant has also proposed that any assets located within its proposed boundaries would be transferred to the proposed new city. This would appear to include water distribution pipelines and potentially other local facilities of the department water system that are within the Valley City boundaries.

Issues Affecting Apportionment - Water

Currently, residents of the Valley proposed reorganization area are residents within the City of Los Angeles, and are on the same water rate basis with other property inside the city. Before reorganization, customers within the Valley area have the same rights to service as all other City customers, and have contributed cash flow, through user charges and connection fees, identically with

all other users and landowners inside the city limits. If reorganization were to occur, it does not appear that a change to the rate basis of the Valley ratepayers would occur solely as a result of such a special reorganization.

The Valley City would no longer be part of the City of Los Angeles, and the City does not have established water rates for outside-city use. The City Charter, however, permits the sale of surplus water (other than Los Angeles River water) to customers outside the City for their own use, and to other municipalities under contracts of up to 15 years upon approval of the electorate.⁶³ The City could develop rates for the Valley City on what is called a “utility basis” and charge for depreciation and a rate of return on equity (under the concept that facilities are owned by inside-city customers). This concept or theory has been accepted by the California Supreme Court in its affirmation of the Superior Court ruling in *Hansen v. City of San Buenaventura*, that treats outsiders as if they do not “own” or have equity in the water system, and therefore are “renting” the capacity they use. Most publicly owned water utilities (including the LADWP Water System) however, use the cash basis for establishing user charge rate levels, and do not charge for depreciation or return on equity to its customers.

The LADWP transfers net income from the Water Enterprise Fund to the City of Los Angeles General Fund. The City specifically states these transfers are not “in-lieu” taxes. Pursuant to bond indenture covenants, these interfund transfers may not exceed the prior year’s net income.

Debt covenants specify that net income as defined must be sufficient to pay for “certain” amounts of future annual bond interest and future annual aggregate bond interest and principal maturities. This is an earnings test constraining net income each year to be more than what is required to refund debt, and is a customary practice that ensures the rights of the bondholders. With proposed reorganization, debt must be shared equitably (if a revenue requirement to be shared) between the City of Los Angeles and the new city as the applicant’s Preliminary Vision Statement recognizes.

The City has constructed recycled water facilities partially funded by Federal grants. The U.S. Department of Interior partially funded the East Valley Water Reclamation Project under Grant Number 1425-5-FG-30-00070. Phase 1 is presumably completed. Capacity for both Phases 1 and 2 is estimated to be 35,000 ac ft per year.

Assumed Service Method - Water

Although the applicant has proposed that the terms of a division of the City’s water system be determined by LAFCO, this would require an engineering analysis to identify the components of a potential Valley City and City of Los Angeles system. Also, the actual physical division of the system into independent operations would require a financial investment (caused by and therefore financed by the new city). Given the costs and workload required to determine the terms of a system divestiture, this fiscal analysis assumes, in the event of a Valley area special reorganization, that the water system will continue in operation as an integrated entity serving the City of Los Angeles and the new Valley City. It is further assumed that the user charge levels in the Valley City will not materially deviate from those charged ratepayers within the City of Los Angeles, and the LADWP will continue to own, operate, maintain, and provide administrative support for the entire system.

The City would, in the event of a special reorganization, retain the economic benefit of lower cost water produced through Los Angeles’ ownership of Pueblo rights, and theoretically customers in the Valley City would be charged based on sources of supply other than Pueblo rights water (including groundwater, water produced from the Central and West Basins, Los Angeles Aqueduct water, and water purchased from MWD). However, any increase in the average cost of water for Valley City ratepayers could be offset by a lower charge for the interfund transfers to the City of Los Angeles General Fund, resulting the same water rates as City customers.

⁶³ Charter of the City of Los Angeles, §§ 672,677.

Description of Existing Service - Power

As of September 30, 1999, the steam electric generating capacity was equal to 74% of the Power System's total net capability, and hydroelectric generating capacity was equal to 26% of the Power System's capability. Purchases are made on a day-to-day or week-to-week basis that will alter these percentages. These ratios represent a substantial change from the situation in 1940 when 95 percent of the Power System's capability was provided by hydroelectric sources.

As of September 30, 1999, the Power System had the following types of generating resources available to it. These resources include facilities owned by the Los Angeles Department of Water and Power (LADWP), either solely or jointly with other utilities, and resources available through long-term power purchase arrangements.

DEPARTMENT OF WATER AND POWER POWER GENERATING RESOURCES

<u>Type of Unit</u>	<u>Number</u>	<u>Maximum Capacity (MW)</u>	<u>Net Dependable Capacity (MW)</u>
Oil/Gas	18	2,962	2,921*
Coal	7	1,901	1,832
Nuclear	3	368	368
Hydroelectric	29	1,927	1,887
Total	57	7,158	7,008

* Valley Generating Station's Net Dependable Capability has been reduced to 323 MW due to the long-term lay-up of Units 1 and 2.

Valley Generating Station's Net Dependable Capability has been reduced to 323 MW due to the long-term lay-up of Units 1 and 2.

LADWP-Owned Generating Facilities

The LADWP is the sole owner of four steam electric generating facilities, the Haynes Generating Station in Long Beach, the Valley Generating Station in the San Fernando Valley, the Harbor Generating Station in Wilmington, and the Scattergood Generating Station near El Segundo. The capacity of the generating units is provided below.

POWER GENERATING FACILITIES OWNED BY THE DEPARTMENT OF WATER AND POWER

<u>Station</u>	<u>Capacity (MW)</u>
Haynes Generating Station	1,570
Valley Generating Station	517
Harbor Generating Station	266
Scattergood Generating Station	803
Total	3,156

Source: City of Los Angeles Department of Water and Power.

The LADWP's major sources of hydroelectric capacity consist of the Castaic Power Plant (1,247 MW), which is solely owned by the LADWP, and its entitlement from the Hoover Power Plant (491 MW).

Jointly-Owned Generating Facilities

The LADWP has an undivided interest in several jointly owned generating stations, where each participant is responsible for its share of construction, capital, and operating and maintenance costs. The LADWP has a 5.7% (217 MW) direct ownership interest in the Palo Verde Nuclear Generating Station, which is located approximately 50 miles east of Phoenix, Arizona, and consists of three nuclear generating units, and a 67.0% (151 MW) entitlement interest in the Southern California Public Power Authority (SCPPA) ownership share, bringing the total capacity interest to 368 MW. The LADWP also has a 20% (316 MW) ownership share in a Mohave Station, which is located in Southern Nevada, and a 21.2% (477 MW) share in a Navajo Station, which is located in Northern Arizona.

Capacity Rights

The LADWP has capacity rights through take-or-pay obligations or other purchase agreements for a total capacity of 1,673 MW. The Intermountain Power Project (IPP) is located near Lynndyl, Utah and provides the LADWP with a 66.8% (1,068 MW) entitlement. The generating station consists of a two-unit electric generating plant with a net rating of 1,600 MW during most of the year. The LADWP is obligated to pay for its share of capacity and energy on a "take-or-pay" basis. The Hoover Power Plant is located on the Arizona-Nevada border approximately 25 miles east of Las Vegas. The facility is owned and operated by the U.S. Bureau of Reclamation. The LADWP has a power purchase agreement for 491 MW of capacity through September 2017. The LADWP also has an agreement with the Montana Power Company, which provides 114 MW of capacity at the Colstrip Generation Station on a take-or-pay basis.

Spot Purchases

The LADWP purchases capacity and energy from the Bonneville Power Administration ("BPA") and other Pacific Northwest utilities under short-term "spot" arrangements to be delivered over the Pacific Direct Current Intertie (the "Pacific DC Intertie"). For further information on the Pacific DC Intertie, see "Transmission and Distribution Facilities" below. These purchases are used by the LADWP in conjunction with other resources for economic system operation. In addition, purchases of economy energy are made from other entities located in the Southwest.

Cogeneration

Cogeneration projects totaling approximately 300 MW nameplate capacity are currently operating within the LADWP's service area. Some of these projects are selling excess energy to the LADWP under negotiated agreements. In addition, several customers are assessing the feasibility of on-site generation, as a means of satisfying their energy needs. The amount of this additional capacity is unknown at this time.

Distributed Generation

The LADWP is assessing the ability of distributed generation (e.g., solar, fuel cells, micro turbines) to play an important role in its generation mix. Distributed generation provides the opportunity for improved system reliability, environmental benefit, and more efficient use of the LADWP's resources. No prediction can be made as to the timing or extent of the development of such distributed generation.

Conservation and Energy Efficiency

The City Charter authorizes the LADWP to engage in and finance activities related to the conservation of electricity and water. The LADWP is pursuing conservation and energy efficiency ("C/EE") as a means of deferring the need to acquire costly new generating facilities, improving the value of electric service to customers, and minimizing negative environmental impacts. The LADWP offers comprehensive programs and services for both residential and commercial customers to encourage the installation of C/EE measures and equipment. The C/EE net budget for the fiscal year ending June

30, 2000 is \$5.1 million. The current Power System Resource Plan shows in excess of 300 MW of C/EE "Resource" to be acquired for the fiscal year ending 2001.

Excess Capacity

The Power System presently has an excess of generation capability that is being marketed into the California and Southwest energy markets. With equipment outages, retirement of equipment, and anticipated load growth, the LADWP anticipates that current resources will not provide excess capacity beyond 2002. The LADWP is investigating the economic feasibility of acquiring additional generation resources, but no such resources are included in the LADWP's current capital improvement plans. See "Projected Capital Additions" below.

Transmission and Distribution Facilities

Electricity from the LADWP's hydroelectric and steam power sources is delivered to customers over an extensive transmission and distribution system. To deliver energy from generating plants to the customers, the LADWP owns and/or operates approximately 19,840 miles of alternating and direct current transmission and distribution circuits operating at voltages ranging from 120 to 1,000,000 volts. In addition to utilizing its transmission system to deliver electricity from resources located in other states, the LADWP transmits energy for others through its system when surplus transmission capacity is available and such transmission is permitted by applicable bond covenants. As the operating agent of the Pacific Direct Current (DC) Intertie, the Intermountain Power Project's Southern Transmission System, and Navajo-McCullough Line, the LADWP transmits energy for the co-owners or participants in these facilities.

Pursuant to AB 1890, as part of the deregulation of the California electric industry, municipal utilities such as the LADWP are encouraged but not required to transfer operational control of their electric transmission facilities to the Independent System Operator (ISO), an independent state agency. While the Board or the City Council has taken no action in this regard, the LADWP has held discussions with the ISO concerning the terms under which the LADWP might turn over operational control of its transmission facilities to the ISO and utilize transmission facilities controlled by the ISO in delivering electric energy from outside its service area. Until a number of issues related to such action, including the effects on the tax-exemption of LADWP bonds and the costs of transmission service are satisfactorily resolved, the LADWP does not expect that operational control of its transmission facilities will be turned over to the ISO. While discussions with the ISO are continuing the LADWP cannot predict whether all issues related to the ISO will be satisfactorily resolved, the amount of time any such resolution might take, or whether any such action would be approved by the Board or the City Council.

There exist detailed rights and capacities the LADWP owns in certain systems and facilities, which include the following:

- Southern Transmission System,
- Pacific DC Intertie and Sylmar Converter Station,
- Devers-Palo Verde No. 1 Transmission Line,
- Mead-Phoenix Transmission Project, and
- Mead-Adelanto Transmission Project

Projected Capital Additions

The LADWP currently estimates it will invest approximately \$1 billion for capital improvements to the Power System from the fiscal year ending June 30, 2000, to the fiscal year ending June 30, 2004. As of December 31, 1999, the LADWP retained \$74 million in proceeds of a prior bond issue available for such purposes. The LADWP currently expects over 80% of funds spent for capital improvements will

be dedicated to improving and updating the Power System's distribution facilities, and to upgrade generation, transmission and other facilities. While the current plans for capital improvements to the Power System do not include any specific generation resources, the LADWP will continue to evaluate alternative sources to meet its expected load growth and anticipated additional sales of capacity and energy. New financing must be authorized by the Board and approved by the City Council. Current policy allows up to 50% of the future capital program to be financed with long term debt. The current capital improvement program estimated expenditures are summarized below:

**SUMMARY OF POWER SYSTEM
CAPITAL IMPROVEMENT PROGRAM
(Dollars in Millions)**

Fiscal Year	Capital Program
2000	200
2001	190
2002	207
2003	215
2004	203
Total net of Contributions	1,015

Source: City of Los Angeles Department of
Water and Power.

Fuel Supply

The LADWP's Los Angeles Basin fossil fuel requirements are estimated to range between 20 and 60 billion equivalent cubic feet of natural gas per year during the period 1999 to 2001. Natural gas is expected to be available to supply these requirements during that period. The LADWP has entered in one long-term gas supply contract for about one-third of the LADWP's average yearly needs. The remaining natural gas requirements are obtained through a competitively bid spot purchase program. The Southern California Gas Company provides intrastate transportation and balancing services to the LADWP. Firm interstate natural gas transportation capacity has been obtained on three pipelines into California to 2007. Additional interstate pipeline capacity is acquired through federally approved capacity brokering programs. Long-term fuel oil requirements are expected to be minimal, although gas transportation and supply curtailments could require increased utilization of fuel oil.

Applicant's Proposed Service Method - Power

In its "vision statement," the Valley applicant has proposed that, as part of the special reorganization, the Valley City would be entitled to a pro rata share of the City of Los Angeles Department of Water and Power. The specific terms of the pro rata allocation of the LADWP would be determined by LAFCO, prior to the election on special reorganization. In lieu of an allocation or divestiture of the power system, the applicant has proposed that it be given the opportunity to negotiate terms of a joint powers authority with the City, for a period of three years. In the event the City of Los Angeles and Valley City cannot reach an agreement, the divestiture would occur according to the terms developed by LAFCO at the time of the election.

The Valley applicant has also proposed that any assets located within the proposed boundaries be transferred to the proposed new city. This would appear to include electric power "drop lines" and potentially other facilities that comprise the department power system which are within the Valley City boundaries.

Issues Affecting Apportionment - Power

A potential difficulty in the implementation of the Valley proposal is the reliance on LAFCO to set the terms of the divestiture, in the event the terms of a joint powers authority could not be negotiated.

Developing the terms of a divestiture would be a potential costly and time-intensive process that would require an extensive engineering study to, among other things, design a feasible configuration for the provision of service to Los Angeles and the Valley, identify the specific assets that would need to be transferred to the Valley, and identify any new assets that would need to be constructed. It is apparent that the energy supply and transmission grid capacity should continue to be operated as an integrated whole, and if facilities are to be transferred, they should consist of distribution system facilities required to deliver the energy to the end users.

Even if specific power assets were allocated, any divestiture plan developed by LAFCO would likely require that the:

- Costly transmission facilities can continue to be operated as an integrated system,
- The existing long term energy supply contracts, obligations, and benefits can be preserved,
- The LADWP is not restricted in its ability to meet its contractual obligations for its bonds and take-or-pay agreements, and
- The LADWP can maintain the revenue and financial flexibility achieved from its current customer base.

The LADWP reported \$3.9 billion in outstanding power system debt as of June 30, 2000, and is contractually obligated to purchase power from certain generation facilities and from SCPPA. In the event of a divestiture, the LADWP would continue to be obligated to repay its debt and purchase power according to the terms of its take-or-pay agreements (until the underlying debt related to the agreements is no longer outstanding). If the Valley City were allowed to make purchases from another power generator (although at current spot prices for power it may not be economical for a Valley City to do so), the LADWP may, depending on the market price of electricity, need to rely on Valley customers to meet its debt service and take-or-pay obligations.

Assumed Service Method - Power

Given the City would need to retain the Valley as a power customer, it appears that the most likely option available to the Valley City is to contract for power service from the LADWP, and not receive an equity stake in the power system through a transfer of assets. The question then arises as to whether the City can refuse to provide service to a newly incorporated Valley City, and at what rates would the residents and businesses of the Valley City be charged.

It appears that Cortese-Knox provides LAFCO with sufficient authority to require the LADWP to provide the Valley City power service, and charge the Valley City the same electric power rates as the remaining City of Los Angeles, so long as LAFCO through its terms and conditions does not unduly restrict the City's contractual obligations. The Valley City could therefore continue to receive the same level of power service currently provided by the LADWP through a contractual agreement with the LADWP.

The rate basis for the Valley City would differ from other City ratepayers, as the Valley residents and businesses would not be equity holders in the system, and theoretically could not be charged a capital recovery component (debt service and annual pay-as-you-go) as part of their power rates. In order to adjust Valley City rates to the same level of rates citywide, the LADWP could assess Valley City ratepayers a return on equity component, in lieu of capital recovery. However, the implication of not owning equity in the power system is that the transfer of "surplus" power system revenues that are transferred annually to the City's General Fund would not accrue to the Valley City.

As part of an agreement to be the "wholesale" supplier of power to the retail electric systems of the new city, the LADWP would have to recover the new city's pro rata share of the debt service and annual pay-as-you-go obligations now incurred as current ratepayers of the LADWP. This would be

equivalent to a capital recovery cost, and should be computed so that theoretically it would apply to all ratepayers whether located within or without the Los Angeles City limits. It is thought this would be feasible since the new city would retain only the distribution system supplying it, should it form its own electric utilities. Debt service and take-or-pay obligations should apply only to generating and transmission capacity that would remain with the City of Los Angeles.

Community Redevelopment Agency

The Community Redevelopment Agency (CRA) is a nonprofit organization created by the City of Los Angeles to remove blight in accordance with Section 33000 of the California Health and Safety Code. The CRA receives no monies from the City's General Fund. However, the CRA is regulated by state law, which requires that the City Council approve its budget. The CRA administers 27 redevelopment projects, seven earthquake disaster assistance projects, three revitalization areas, and four study areas, which encompass approximately 20,000 acres throughout the City. In addition, the CRA provides for affordable housing and childcare citywide.

Distribution of Service within the City

A seven-member Board of Commissioners appointed by the Mayor oversees the CRA. The Board appoints an administrator who supervises staff in such fields as engineering, urban planning, finance, audit, housing, real estate, architecture, equal opportunity and management.

The CRA's central offices are located at 354 South Spring Street in downtown Los Angeles. All central administration occurs in this office with the exception of Central Maintenance. This division, located at 1119 W. 25th Street in Los Angeles, maintains all CRA-owned properties. All of the CRA's redevelopment projects are administered through 10 project site offices, two of which are located in the Valley. The North Hollywood, Laurel Canyon, and Pacoima/Panorama City redevelopment projects and Council District 7 study area are administered through the North Hollywood site office located at 5651 Vineland Avenue. The Reseda/Canoga Park Disaster Assistance Project is administered through the Canoga Park site office located at 19040 Vanowen Street.

Proposed Apportionment

The apportionment discussion of the CRA differs from that proposed for most other City departments. Because the CRA receives no monies from the City's General Fund, its apportionment does not directly affect revenue neutrality, and thus the financial viability of the new Valley City, should a special reorganization occur.

However, although the CRA does not receive appropriations from the City's General Fund, there are several complex financial arrangements between the two entities that must be accounted for as part of a special reorganization. These arrangements generally include, but are not limited to, loans from the City of Los Angeles to the CRA, and CDBG grants programmed to the CRA by the City. In addition, the CRA itself has advanced certain discretionary revenues to project areas within the Valley, to make-up for the unavailability of tax increment revenue in those project areas. It is planned by the CRA that the Valley project areas that have benefited from any loans or advances are expected to repay these liabilities from available, future tax increment revenue. Should a special reorganization occur, the redevelopment areas that would become redevelopment areas within the proposed Valley City would need to continue any repayment of the proportional share of any City loans in order that the contractual obligation to the City is not negatively impacted.

The CRA has also issued bonds secured by tax increment revenue in the North Hollywood project area. In the event of a special reorganization, the tax increment in the North Hollywood project area must continue to be pledged for repayment of the bonds, so long as the bonds are outstanding.

Nonetheless, the proposed apportionment would have the new Valley City assume the services the Valley currently receives from the CRA. Such an apportionment could be accomplished by transferring to the new Valley City those CRA personnel that, as of fiscal year 2000-01, provide services to the Valley and a proportionate share of the assets used to provide direct administrative support to the CRA.

Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Valley can be estimated based on the current location of staff as well as the workload and service needs of each

project area. In order to better understand how each division would be apportioned, the functions of each are described in the table below.

**COMMUNITY REDEVELOPMENT AGENCY
INTERNAL DIVISION FUNCTIONS**

<u>Division</u>	<u>Function</u>
Office of the Administrator	Manages the CRA's divisions.
Business Management	Handles all business operations, audits and compliance, and public affairs.
Community Operations	Manages all projects and study areas. Project managers and staff are located at site offices.
Finance and Accounting	Manages all financial issues, debt management, accounting, budget and asset management.
Organizational Support	Provides IT, facilities maintenance and management, records maintenance and risk management, and handles human resources.
Professional Services	Provides environmental planning, project planning and professional services including engineering, construction, underwriting and real estate, appraisal, property acquisition and relocation.

The methods used to apportion the CRA are based on either geographic location or proportion of tax increment generated. The Community Operations Divisions is comprised of site offices, each of which is dedicated to providing services to the area in which it is located. Therefore, staff dedicated to the Canoga Park and North Hollywood site offices would be transferred to the new Valley City. All other divisions provide internal support to the project areas. Given that each project area is supported by the tax increment it generates, it is reasonable to apportion each division providing internal support by the proportion of tax increment generated by each project area. According to the CRA's 1999 Financial Statements (the most recent made available by the City), projects located in the Valley generated six percent of the citywide tax increment. More recent CRA Financial Statements will include the tax increment now generated by the Reseda/Canoga Park project area, and thereby increase the Valley's proportion of the citywide tax increment.

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Valley City the facilities, equipment and other assets used to provide services to the Valley. In general, this would include transferring facilities located in the Valley, as well as the resources located at those facilities, to the new Valley City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Valley City. Given these general criteria, the proposed apportionment would include the transfer of the Canoga Park and North Hollywood site offices to the Valley.

Transition of Service to the New City

If the CRA is apportioned, it is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development or transfer of equipment and systems to the new Valley City.

Projected Expenditures

According to the CRA Proposed FY 1999-00 Budget, the total cost of projects located in the Valley is \$14,401,800, of which \$2,259,671 is allocated for salaries and benefits. The number of staff transferred to the new Valley City and requisite salaries and benefits will be a function of the tax increment generated by project areas located in the Valley.

Contractual Services

The CRA generally contracts outside vendors for technical expertise. In fiscal year 1999-2000 the CRA contracted outside vendors to perform financial consulting, construction-related services, landscape architecture, and feasibility studies. The CRA also contracted with various City departments to fulfill cooperative agreements in select project areas. For example, the CRA contracted with the Community Development Department to execute a commercial façade and signage improvement program in the Western/Slauson project area. It is estimated that the new Valley City will require the same proportion of contractual services currently dedicated to projects located in its jurisdiction.

The new city's CRA will also need to contract with the City for the administration of CDBG grants until the program year in which the Valley City receives and administers its own CDBG grant funds.

Department Start-up Costs

The CRA would require the provisions of office space and time to establish a payroll system, which is independent of that administered by the City. The overall planning for the start-up of the CRA would also require interim, dedicated staff or consultant resources.

Projected Revenues

The CRA's funds are generally derived from the following sources: (1) tax increment generated from each of the redevelopment project areas, (2) grants including federal Community Development Block Grants (CDBG), federal HOME Investment Partnerships Program (HOME), federal Economic Development Administration (EDA) and federal Intermodal Surface Transportation Efficiency Act (ISTEA), (3) bond proceeds, and (4) discretionary revenues. Most of these funds have restriction on how or where they can be expended. The tax increment funds generated in a particular redevelopment project area can only be expended on redevelopment activities within that area. Grant funds are awarded for specific project activities. Housing funds that are part of the 20% set-aside of tax increment funds for low- and moderate-income housing pursuant to State Redevelopment Law are restricted for that purpose. Finally, discretionary funds are generated from land sales, ground leases, investment income and developer proceeds. These funds lack the typical restriction and mandates imposed by State Law, giving the CRA discretion over how they are expended. The Valley City would be eligible to receive funding from each of the revenue sources that currently fund the CRA.

Cost projections for the CRA cannot be estimated because of the uncertainty of the commitment of funds. CRA history indicates that some level of grants and new funding can be expected; however the CRA does not rely on any assumed level of funding for budgetary projections.

Wastewater Service

The City of Los Angeles Bureau of Sanitation operates the sewage systems that collect, treat, and dispose of sewage that originates in the City of Los Angeles and in communities located outside the City that contract for this service. In Los Angeles and Orange Counties, wastewater systems are in general regional in scope, while water systems are more local. There exist more than 500 separate local water systems in Los Angeles and Orange Counties, but most of the wastewater is discharged into three regional systems operated by the City of Los Angeles, the Consolidated Los Angeles County Sanitation Districts, and the County Sanitation Districts of Orange County.

Background

The Los Angeles system discharges sewage to the Pacific Ocean after it has been treated, either at the Hyperion treatment plant (located in El Segundo), or at the Terminal Island treatment plant. Sewage is also treated at the Los Angeles Glendale Water Reclamation Plant (LAGWRP) and sludge generated at that facility is transported via pipes to Hyperion. The system accepts, treats, and discharges all or a portion of the wastewater generated by its contract agencies and dischargers. This contract service includes discharge originating both within and outside the City of Los Angeles. Specific capacity is reserved to the contract agencies under the terms of the individual contracts.

External Regulations

Pursuant to federal and California legislation, P.L. 92-500 and amendments (the Clean Water Act first passed in 1972), the City's sewage system has received grants and low interest loans to assist in financing capital facilities. Conditions are attached to these grants and low interest loans. Conditions that protect dischargers located outside of the City are as follows:

- The City pledges to maintain and keep serviceable those facilities that were in part financed through grant money and low interest loans, throughout their useful lives,
- User charges for all dischargers must be proportional to their discharge of flows and strengths (Biochemical Oxygen Demand (BOD) and Suspended Solids (SS)).
- Even though Clean Water Grants are no longer available, California administers a State Revolving Fund (SRF) for low interest loans to construct wastewater infrastructure. When the City obtains a low interest loan, the California State Water Resource Control Board (SWRCB), provides oversight and certification review to ensure user charges comply with regulations of the State of California, known as Revenue Program Guidelines. The certification process includes a review of sewage user charges to determine that they in fact are proportional to discharge quantities and strengths, and that every discharger that discharges like quantities of sewage are charged the same.

The end result of this external regulation is that the City of Los Angeles charges its contract customers the same as its individual dischargers located inside the City, with the following exceptions:

- The City maintains an analytical staff that calculates and projects sewage fees and provides periodic updates to the contracting agencies,
- It charges an administrative fee outside the City, which is customary and usual practice,
- Contract agencies are charged for trunk and interceptor sewer capacity based on their contracted-for capacity in the pipe reaches, and
- There exist contracts with agencies entered into prior to the formulation of the California Revenue Program Guidelines. These agencies pay for service based on the proportional quantity of their discharge. As these existing contracts reach the end of their lives, they are renegotiated, pursuant to Federal and California requirements, so that the agencies pay for

the treatment and disposal of their discharge proportional to flows and strengths, using the same factors applied to the individual or retail dischargers located within the City limits.

Organizational Format

There appear to be two alternative organizational formats for the new Valley City to convey its sewage to suitable locations for treatment and disposal:

1. Enter into an arrangement to contract for wastewater service with the City of Los Angeles. Unlike the other outside City contract agencies, the City of Los Angeles would own and operate all facilities - collection systems, trunks and interceptor sewers, treatment facilities, and ocean outfalls. The dischargers located in the new Valley City would continue as retail customers of the City of Los Angeles and be billed for wastewater service directly by the City of Los Angeles.

2. Separate the physical facilities and form independent wastewater utilities.

A. The new city would operate and maintain its individual collection system (pipes that collect wastewater from the individual premises). Los Angeles would continue to own the major trunk and interceptor sewers, the treatment facilities, and ocean outfalls. The Valley City would contract with the City for the conveyance of sewage through these trunk sewers and interceptors to the City's treatment facilities for processing and disposal, similar to the other agencies under contract and located outside of the City limits.

To implement this alternative, collection sewers would be transferred to the new city. The new city would need to finance capital improvements required to separate this collection system from the existing City of Los Angeles collection systems such that Los Angeles would be "made whole" for this separation. This separation would require an engineering analysis.

The new city would be billed for "wholesale" service by the City of Los Angeles, like other contract agencies located outside the City limits. An administrative fee would be charged. Rate structures would be devised and implemented by the new city that would pass on costs to the individual dischargers proportional to their respective discharges of volumes and strengths of sewage, consistent with the California Revenue Program Guidelines.

B. It is theoretically possible to form entirely independent sewage systems, duplicating capacity provided by the City of Los Angeles in transportation, treatment, and disposal facilities. However in practice, prior Federal and California grants and low interest loans, provided to the City of Los Angeles and sized to include capacity for service to the Valley would come into jeopardy. A likely result of such an action would be to force the City of Los Angeles to repay portions of past grants and loans. The new city could be liable for such repayment, as well as responsible for duplicating required capacity. It is thought this alternative is not viable.

Our conclusion is that alternatives 1. and 2.A. are the alternatives that should be carried forward in this analysis.

Wastewater Rates After Special Reorganization

This estimate of wastewater rates applying to the proposed new city presumes the lower cost implementation alternative 1 (Los Angeles would continue to operate an integrated wastewater system). User charge levels would be identical to those assessed to inside the City customers, and would be proportional to the discharge of volumes and strengths of sewage. For Alternative 2A, user charges would be higher than for inside the City dischargers because of the following factors:

- An administrative fee would be charged.

- The new city would finance the cost of an engineering study and subsequent capital improvements required to separate its collection system from the collection system of the City of Los Angeles. It is thought that collection system modifications would be less extensive and less costly than those required for the separation of the water system discussed within that section of the report. Users would finance the annual capital costs resulting from these capital improvements.
- User charge levels would be different because the service areas of the new city would be assessed their actual use of trunk and interceptor sewers. That is, Los Angeles would charge for trunk and interceptor use based on the proportional use of actual pipe reaches by the new city. Currently, as an integrated system, all retail dischargers within the City of Los Angeles are charged at a uniform rate for the use of trunk and interceptor sewer capacity.

Current User Charges: Their Terms and Conditions

The following concepts are used by the City of Los Angeles to distribute costs to their ratepayers.

Retail dischargers are individual dischargers connected directly to the City's collection system and are not provided wastewater service under contract. Basic sewer service charges (SSCs) for retail domestic strength customers are projected to be as follows:

SEWER SERVICE CHARGES RETAIL DOMESTIC STRENGTH

Fiscal Year	Per HCF
2001	\$2.26
2002	\$2.26
2003	\$2.26
2004	\$2.34
2005	\$2.44

For higher strength retail dischargers, industrial surcharges apply, based on their discharge of Biochemical Oxygen Demand (BOD) and Suspended Solids (SS).

INDUSTRIAL WASTE SURCHARGE

Fiscal Year	Per lb BOD	Per lb SS
2001	\$0.26	\$0.34
2002	\$0.26	\$0.34
2003	\$0.26	\$0.34
2004	\$0.27	\$0.35
2005	\$0.28	\$0.37

A Sewage Facilities Charge (SFC) is also assessed new applicants for service. This connection fee assists in financing new capacity required for growth and is sometimes called a "buy-in" fee. SFCs for inside the City customers are \$262.00 per 100 gallons per day of flow, \$188.00 per pound per day of BOD, and \$171.00 per pound per day of SS. Discharges are estimated for various types of customers based on physical characteristics of the development, including gross square footage, number of restaurant seats, and other development information as applicable.

Contract Agency Charges

The form of new agreements that contain “universal terms” had been negotiated with many of the 27 contract agencies by 1999. These terms are being offered to the other contract agencies. Under these terms, Amalgamated System Sewage System Charges (ASSSCs) and Amalgamated System Sewage Facility Charges (ASSFCs) are defined that are equivalent to the inside the City SSCs and SFCs, respectively. ASSSCs have been broken into the following parts:

A conveyance portion with the following projected wholesale rates expressed as \$ per million gallons per day (mgd) per mile:

**WHOLESALE
WASTEWATER RATES -
CONVEYANCE
(per mgd)**

<u>Fiscal Year</u>	<u>Rate</u>
2001	\$17.71
2002	\$27.87
2003	\$23.46
2004	\$18.17
2005	\$16.40

The treatment portion with the following projected wholesale rates, expressed as a flow rate, \$ per million gallons, BOD rate, \$ per thousand pounds, and SS rate, \$ per thousand pounds:

WHOLESALE WASTEWATER RATES - TREATMENT

<u>Fiscal Year</u>	<u>Flow</u>	<u>BOD</u>	<u>SS</u>
2001	\$338.82	\$163.37	\$115.22
2002	\$348.23	\$161.19	\$111.89
2003	\$261.83	\$165.36	\$117.43
2004	\$267.75	\$157.37	\$140.16
2005	\$252.53	\$154.90	\$118.95

Connection Fees or ASSFCs are not projected, and because they are based on the value or cost of existing equipment, they should not vary substantially from year-to-year. ASSFCs are calculated as follows:

**AMALGAMATED SYSTEM SEWAGE FACILITY
CHARGES**

<u>Category</u>	<u>Rate</u>	<u>Basis</u>
Conveyance	\$86,400	\$ per mgd/mile
Treatment Flow	\$1,400,000	\$ per mgd
BOD	\$465	\$ per thousand pounds
SS	\$345	\$ per thousand pounds

A transfer to the General Fund (General Fund Reimbursement Charge or GFRC) is also assessed. The City has reported that this charge will be phased out over the next two years. Wastewater user charges to the new city would be calculated based on the published tariff rates set forth above, depending on whether the organizational alternative 1 or 2A is selected.

Stormwater Service

The City of Los Angeles Bureau of Sanitation operates a portion of the storm water drainage and flood control facilities that help to prevent flooding in and around the City of Los Angeles. "Storm drainage" and "flood control" are terms that, for this report, will be used interchangeably. Extensive construction of storm drainage facilities has occurred over the past century, and this system of open channels (including the Los Angeles River), flood control basins, storm drains, catch basins, culverts, low flow diversion structures, pumping plants, debris basins, detention basins, and spreading grounds have been constructed utilizing the resources of many federal, state and local government agencies. More specifically, the following agencies own and operate flood control facilities in the region; U. S. Army Corps of Engineers, Los Angeles County Flood Control District, City of Los Angeles, and the State of California Department of Transportation (Caltrans).

Because the various agencies are empowered to establish their own policies, regulations, and design criteria, flood control facilities in Los Angeles County can be designed differently depending on the responsible agency. As a result of this activity over the past century, there exist a large infrastructure of flood control facilities in Los Angeles County and within the City limits that are owned and operated by different agencies, each with differing roles and missions.

Storm water management strategies that have been implemented to control urban runoff pollution include frequent street sweeping, and labeling storm water facilities at the curbs to provide reminders that what is dumped goes to the ocean,

There also exist different issues that have in the past and will in the future impact the operating strategies, costs, and how new and upgraded flood control facilities will be designed. Current issues include how to deal with biological, solid waste, and dissolved contaminants pollution that are washed into the flood control facilities including the Los Angeles River, and the desires of many to return open channels to their natural and "green" states.

The goals and purposes of storm water management that have caused these facilities to be constructed include:

- Collect and transport storm drainage and storm runoff,
- Prevent local flooding caused by rainfall,
- Construct detention facilities on the parcel site to constrain the rate of runoff to that rate that existed before development, and
- Manage programs (i.e., street sweeping) and construct facilities to prevent, control and/or treat urban runoff pollution.

Background

Over the past 40 years, the U.S. Army Corps of Engineers has constructed the Hansen and Sepulveda Flood Control Dams on 15 major channels within the City of Los Angeles, including the Los Angeles River, Pacoima Wash, Tujunga Wash, Sawtelle-Westwood Flood Control System, and the Ballona Creek. These structures were built to contain the 100-year flood. The U.S. Army Corps of Engineers also built six debris basins along the foothills of the San Fernando Valley. Additionally, the Los Angeles County Flood Control District constructed 11 debris basins, 16 major channels in the San Fernando Valley, 5 major channels, including portions of Ballona Creek that collect storm flows from West Los Angeles and discharge into the Pacific Ocean, and the Laguna Dominquez Flood Control System that drains the southern portion of the west area of the City and a portion of the Harbor area, discharging into San Pedro Bay.

The City of Los Angeles operates and maintains approximately 1,100 miles of open channels and underground drains. The Los Angeles County Flood Control District has constructed and is

responsible for the operation and maintenance of approximately 1,000 miles of storm drain projects within the City, financed by bond issues. As an example, Bond Issue Storm Drain Project No. 5204 on Jefferson Boulevard, operational in February 1983, reduced the extent of surface water inundation by increasing the capacity of subsurface storm drains. As a result the local flood plain designated areas were revised.

All local storm drains provide relief to flood prone areas. The City and the Los Angeles County Flood Control District operate and maintain 13 pumping plants in the Harbor, San Fernando Valley, and West Los Angeles areas to alleviate inundation and flooding of low-lying areas during storms.

The City of Los Angeles does not have operations and maintenance responsibility for the primary flood control systems within and around the City of Los Angeles. The primary systems are operated and maintained by the U. S. Army Corps of Engineers and the Los Angeles County Department of Public Works on behalf of the Los Angeles County Flood Control District.

U. S. Army Corps of Engineers

The United States Army Corps of Engineers (Corps) operates the large open flood control channels within the City of Los Angeles. The Flood Control Act of 1936 is the primary regulatory requirement of the Corps. Under this Act, the role of the Corps was redirected from emergency relief to permanent supervision of the future flood control plans, including construction and supervision of flood control features located in the Los Angeles and San Gabriel rivers. The flood control features are primarily concrete conduits, built along the natural stream courses. They are designed to safely carry the runoff from a 100-year storm into either Santa Monica Bay or San Pedro Bay.

Los Angeles County Department of Public Works

The Los Angeles County Department of Public Works (LACDPW) carries out the responsibilities of the Los Angeles County Flood Control District (LACFCD). Formed under a 1915 Act of the State Legislature, the LACFCD's purpose is to provide and integrate flood control facilities countywide. LACFCD owns, operates, and maintains a flood control system within the City that consists of typically larger diameter storm drains. The majority of LACFCD storm drains form a network of pipes, channels, and tributaries that connect to the major flood control channels owned and operated by the Corps. There are also portions of the larger river systems (Arroyo Seco, Los Angeles, and San Gabriel) that are owned and operated by LACFCD.

Estimates of the historical projected stormwater flow by drainage area are found at LACDPW's website, <http://dpw.co.la.ca.us/wrd/report/index.cfm>, and in the following documents:

1. Los Angeles County Department of Public Works and Federal Emergency Management Agency, Flood Insurance Study, 1980, with periodic updates through July 1999.
2. Los Angeles County Department of Public Works, Hydrologic Report, reports are available for all years through 1998-99.

Financial Information

Sources of funds for the system include revenues from the parcel charge, known as the Stormwater Pollution Abatement Charge (SPAC), interest on invested cash balances, and prior year balances.

Applications of funds include:

- Charges to the program by other City departments that perform chargeable tasks,
- Direct charges for operation and maintenance, replacement and planning provided by engineering, sanitation, and street maintenance functions,
- Capital expenditures, and

- Other administrative functions, including issuing National Pollution Discharge Elimination System (NPDES) permits.

Current Rates (Stormwater Pollution Abatement Charge or “SPAC”)

The City of Los Angeles first approved a Stormwater Pollution Abatement Charge in 1990. It was modeled after the equivalent charge used by the LACFCD to finance the Benefit Assessment District voters created to finance flood control activities. This charge is a fee like utility user charges, but is collected via the property tax bill. Because of the collection mechanism, those parcels that do not receive property tax bills (certain tax exempt and governmental organizations) do not receive and do not pay the SPAC.

Uses of monies collected from this fee are used to fund the Stormwater runoff abatement efforts. The charge is designed such that the charge for each parcel is proportional to the relative amount of runoff from the parcel. It is calculated based on the size of the parcel, and land use (land use determines the runoff coefficient).

A Base Assessment Unit (BAU) Charge, also known as an Equivalent Residential Unit (EDU) charge is computed that relates to a typical single family dwelling unit. Charges for other than single family residences are determined by applying factors to the BAU charge. The factors defined in the City Ordinance (1990 Ordinance is CF 90-0067-S1) are: “Run-Off Factor”, a number that represents the typical run-off from a parcel for a particular land use, and parcel area. A typical single family dwelling unit has a Run Off Factor of 0.4176 and a parcel area of 0.1526 acres (6,650 square feet). The product of the two factors, that defines the BAU, is 0.0637. The basic Allocation Unit Charge for single family residences is established at \$28.26 annually.

The factor for each parcel is determined using the following formula:

$$\text{Parcel Factor} = \frac{(\text{parcel area in acres}) \times (\text{parcel run - off factor})}{\text{Basic Assessment Unit}}$$

Formation of Storm Drainage System - Function For The New City

The storm drainage facilities owned and operated by the City of Los Angeles include storm drains of special benefit to specific parcels, with the larger storm drain and flood runoff facilities owned and operated by other agencies. Therefore, storm drainage and flood control in the Los Angeles region is a responsibility of general purpose governments and could become a responsibility of the new city. Unlike the City’s water, sewer, or power systems, there are no inherent barriers to a transfer of City stormwater system assets in the Valley. The stormwater system is localized and not a large regional system that has been funded by debt or grant funding, and does not involving complex contractual arrangements such as a power supply contracts.

To implement a transfer of service responsibility to the proposed Valley City, local storm drains would be transferred to the new city. There is a possibility that these facilities could benefit both the new city and existing areas that remain in the City of Los Angeles. The new city would need to finance capital improvements to separate local storm drain facilities as required should a sharing of benefits and costs not be practical. Any such separation would require an engineering analysis to determine specific projects and their costs.

It is assumed for the purposes of this analysis that the Valley City would take responsibility for the maintenance of the local stormwater system within its boundaries, and would assume existing efforts to reduce stormwater solids, such as catch basin repair and point-source interventions efforts, and would assess a stormwater pollution abatement charge to its residents.

Stormwater Management Program Elements

The City of Los Angeles commission that recommended establishing a Stormwater charge in 1990 listed the elements of stormwater drainage and flood control functions. This list, reproduced below, shows that the Stormwater Management Program will have to provide for a number of program requirements.

1. Establish a NPDES or Stormwater Permit System. The City will be required to provide general information regarding permits to co-applicants, describe existing legal authority to control pollutants in stormwater, provide source identification information including locations of storm drain outfalls, and describe existing structural and non-structural controls to reduce the discharge of pollutants. The City may be required to demonstrate satisfactory legal authorities, supply additional source identification information, provide characterization of discharges including quantitative data, representative data, and estimates of pollutant loadings and concentrations, propose management programs to control the discharge of pollutants, assess the performance of control measures, provide cost estimates of implementing proposed management programs including identification of revenue sources, and describe the roles and responsibilities of co-applicants.
2. Provide NPDES Permit On-going Administration and Control Costs. Once obtained, the NPDES permit will require continued monitoring of the storm drain system and submittal of reports to the Los Angeles Regional Water Quality Control Board (LARWQCB), enforcement of stormwater ordinances, regulation of discharges from commercial and industrial properties, and development and operation of best management practices.
3. Other elements of this function could include the following:
 - Public Information/Education Program,
 - Used Motor Oil Recycling Program,
 - Increased Household Hazardous Waste Collection,
 - Green-strip Filters (that catch runoff before it reaches City streets & storm drains),
 - Evaluation of New Technologies,
 - Localized Sedimentation/Treatment,
 - Increased Catch Basin Cleaning, and
 - Increased Street Sweeping.

Transfer of Revenue

As part of this initial fiscal analysis, it has been assumed that the Valley City would assess its residents all taxes, charges, and fees that are currently assessed by the City of Los Angeles. This assumption is based on the applicant's proposal (in its vision statement) to transfer all existing laws to the Valley City. This transfer is assumed to include all ordinances to assess taxes, charges, and fees of the City of Los Angeles. Furthermore, upon a special reorganization in the Valley, it has been assumed that the revenue assessed by the Valley City would be deposited to funds under its own control.

Revenues Transferred from the City

To estimate the amount of revenue that would accrue to the Valley City (transfer from the City), all revenue items currently received by the City that would transfer to the Valley City have been analyzed. This analysis is based on a report of the geographic source of revenue undertaken by the City of Los Angeles in February 2001.⁶⁴ The City's report estimated that, of the revenue items analyzed, 33.0% of General Fund revenue and 31.0% of all budgeted revenue were generated in the Valley.

For the purposes of this report, the City's analysis has been reviewed, and additional research has been performed to assess the geographic source of certain revenues that were not analyzed by the City. Adjustments have also been made to the City's analysis where more recent, or more refined data are available. Incorporating these updates and adjustments to the City's analysis, it is estimated that 30.35%, or \$890.2 million of the City's budgeted General Fund revenue in fiscal year 2000-01, and 25.83%, or \$1,044.9 million of all budgeted revenue would accrue to the Valley City.

An important distinction must be made between the amount of revenue generated by Valley residents and businesses and the amount of revenue that would actually transfer to the Valley City as a result of a special reorganization. Not all City revenues generated in the Valley would necessarily accrue to the Valley City. Revenue related to the City's utilities, such as the transfer of operating income from the City's Department of Water and Power (DWP), reimbursements from the DWP for service provided by the City, and sewer franchise fees, would not accrue to the Valley City without an equity share in the City's DWP or wastewater system. As discussed in sections " - Legal Issues Affecting Apportionment - Impairment of Contracts" and " - Water and Power - Issues Affecting Apportionment," complex engineering, financial, and legal issues would need to be resolved prior to the transfer of equity in the City's utilities. These issues would not likely be resolved within the current timetable set for the review of the application for special reorganization. Therefore, for the purposes of this analysis, it has been assumed that neither equity nor revenue generated from the City's utilities would accrue to the Valley City.

ESTIMATED CURRENT REVENUE ACCRUED TO VALLEY CITY		
	% Accrued By Valley City	\$ Accrued By Valley City
General Fund revenue	30.35%	\$ 890,171,183
Special purpose fund revenue	13.91%	154,714,464
Total revenue	25.83%	\$ 1,044,885,647

Additional detail regarding the estimated amount of current revenue that would accrue to the Valley City is provided in Appendix II.

⁶⁴ City of Los Angeles, *City of Los Angeles Geographic Revenue Analysis for Fiscal Year 1998-1999*, February 2001.

Methodology Used to Estimate Revenue

In its revenue study, the City used a variety of methods to estimate the geographic source of its revenues. Because many City revenue sources, including property taxes, business taxes, and transient occupancy taxes, are assessed to City businesses and residents based on their address, the City was able to estimate the geographic source of revenue by grouping the address of the payers to either the Valley or City. Other revenues, such as State motor vehicle license fees are paid to the City based on population, and the City could estimate the Valley share of these population-based revenues according to the estimated population in the Valley.

However, in some instances, even where the address of the payer is known, an estimate of the geographic source of revenue is not easily obtained. For example, the amount of state sales taxes that are returned to cities is based on the location of the taxable transaction. Although the state keeps records of the location of transactions in the City, no records are readily available for businesses that have retail locations in both the Valley and other parts of the City. Other revenue, such as utility user taxes, are assessed by private firms and submitted in total to the City. The payer addresses are held by the private firms and not readily available to the City.

As part of this report, the methodology used by the City in preparing its revenue analysis has been reviewed and assessed for accuracy. In general, the City's analysis is accurate and provides a reasonable estimate of the geographic source of revenue. However, the City did not attempt to determine approximately 27% of revenue items paid into its General Fund, and 32% of its "special purpose funds." For the revenue items excluded from the City's analysis, the estimated geographic source is provided in this section. In addition, for certain revenues that were analyzed by the City, it has been determined that more updated or detailed information is available, which may provide a more accurate estimate of the geographic source of revenue.

General Fund Revenue

The City's General Fund accounts for revenue where the use of funds is not restricted to a specific purpose, and provides funding for most of the municipal services of the City.⁶⁵ Upon incorporation, the Valley City is assumed to have its own general fund to pay the costs of municipal services transferred from the City, which cannot be funded by the various special revenue funds. The table below shows the major revenue items currently paid into the City's General Fund, and the estimated percentage that would accrue to the Valley City.

⁶⁵ The City has, through ordinance, required that certain General Fund revenue, such as a portion of the transient occupancy tax, be allocated to specific uses.

**ESTIMATED PERCENT OF GENERAL FUND REVENUE
TRANSFERRED TO VALLEY CITY**

<u>Revenue Item</u>	<u>City Estimate</u>	<u>Initial Fiscal Analysis Allocation</u>
Estimated in February 2001 Report		
Property Tax	35.00%	36.56%
Utility Users Tax	35.68%	36.12%
Business Tax	31.00%	31.00%
Sales Tax	42.00%	45.00%
State Motor Vehicle License Fees	35.00%	35.88%
Transient Occupancy Tax	16.00%	15.68%
Municipal Court Fines	13.00%	13.00%
Parking Users Tax	8.00%	8.43%
Interest	33.00%	30.67%
Franchise Income	38.22%	24.56%
Civic Center Parking Income	0.00%	0.00%
Transfer from Telecomm. Dev. Account	43.01%	43.01%
Transit Shelter Income	33.00%	33.00%
Residential Development Fee	26.33%	26.33%
Los Angeles Mall Rental Income	0.00%	0.00%
Not Estimated in February 2001 Report		
Licenses, Permits, Fees & Fines	n.a.	22.83%
Power Revenue Transfer	n.a.	0.00%
Documentary Transfer Tax	n.a.	35.31%
Utility Users Tax – Unallocated	n.a.	37.35%
Transfer from Reserve Fund	n.a.	0.00%
Water Revenue Transfer	n.a.	0.00%
Franchise Income – Unallocated	n.a.	38.11%
Grant Receipts	n.a.	24.90%
Tobacco Settlement	n.a.	0.00%
Transfer of Reserve Fund Loan	n.a.	0.00%
Municipal Court Fines - Unallocated	n.a.	13.00%
Capital Finance Admin. Transfer	n.a.	30.54%
 % Total General Fund Revenue		 30.35%

A discussion of the methodology used to estimate the percentage of revenue that would accrued to the Valley City, which differs from the percent of revenue generated in the Valley estimated by the City in its February 2001 report, is provided below. Further detail on the computation of the percentages is provided in Appendix II of this report.

Property Tax

At the request of LAFCO, the Los Angeles County Assessor has also estimated the geographic source of property tax within the City, identifying the location of assessments made in fiscal year 1999-00. The Assessor's estimate is to be used to determine the amount transferred to a newly incorporated Valley City, in accordance with Cortese-Knox. Based on the Assessor's analysis, the Valley area was assessed 36.56% of the total 1% general tax levy transferred to the City of Los Angeles, net of the allocation of tax increment revenue to the Los Angeles Community Redevelopment Agency (CRA).⁶⁶

⁶⁶ Community Redevelopment Agency project areas receive the 1% general tax levy that would otherwise be transferred to the City of Los Angeles, above an identified base year level of assessments.

The 1% general tax levy for fiscal year 1999-00 in the City of Los Angeles and for parcels within the proposed boundaries of the San Fernando Valley area of special reorganization are provided in the table below.

**1% GENERAL TAX LEVY
CITY OF LOS ANGELES AND SAN FERNANDO VALLEY
FISCAL YEAR 1999-00**

	<u>Valley</u>	<u>City of Los Angeles</u>
Gross Tax Levy	\$ 191,885,242	\$ 548,762,688
Allocation to CRA	(1,998,160)	(29,433,957)
Net Tax Levy	<u>\$ 189,887,082</u>	<u>\$ 519,328,731</u>
Percent Net Tax Levy	36.56%	

Source: County of Los Angeles Auditor-Controller.

Sales Tax

The City's February 2001 revenue study utilized a 1998 study prepared by the State Board of Equalization (BOE) to estimate the share of 1996 City sales tax revenue generated in the San Fernando Valley. The BOE study estimated 41.9% of the City's calendar year 1996 sales tax revenue was generated in the Valley. The City also stated in its revenue study that, based on an internal City database of sales tax accounts, 45% of sales tax revenue for fiscal year 1998-99 was identified to be generated in the Valley. Because of the differing estimates of sales tax revenue from the Valley, the County of Los Angeles Urban Research Division (URD) was asked, as part of this fiscal analysis, to prepare an independent estimate of the amount of fiscal year 1998-99 sales tax revenue generated in the Valley.

The URD obtained a master registration file from the BOE that listed all sales tax accounts and branch locations in the City. The BOE file contains sales tax revenue for 1998-99 for each account, but not by branch for multiple branch accounts. The URD geo-coded the BOE file for single branch accounts and estimated revenue for multiple branch accounts based on the number of days the branches were open. The URD's preliminary analysis resulted in an estimate of \$121 million, or 45% of the City's sales tax revenue generated from the San Fernando Valley area of special reorganization.

It must be noted that the URD geo-coding effort did not result in a 100% match of accounts to geographic area, as \$9.1 million of the \$277.8 million in fiscal year 1998-99 sales tax revenue attributable to BOE accounts was either outside the City or not determinable. In addition, \$1.9 million of sales tax revenue was located in an area that is within both the San Fernando Valley and Hollywood area of special reorganization. The following table summarizes the URD preliminary analysis of City sales tax revenue.

SALES TAX REVENUE CITY OF LOS ANGELES AND SAN FERNANDO VALLEY FISCAL YEAR 1998-99		
<u>Area</u>	<u>\$</u> Geographic Source of Sales <u>Tax Revenue</u>	<u>%</u> Geographic Source of Sales <u>Tax Revenue</u>
San Fernando Valley	\$ 120,991,295	45.0%
Hollywood/San Fernando Valley overlap	1,854,732	0.7%
Other areas	29,565,104	11.0%
Residual City of Los Angeles	116,255,332	43.3%
Total Allocable	\$ 268,666,463	
Total	277,767,218	

Source: County of Los Angeles Urban Research Division.

The URD 45% estimate for fiscal year 1998-99 is used to estimate the amount of sales tax revenue attributable to the San Fernando Valley for fiscal year 2000-01.

Interest

The amount of interest income that would accrue to the Valley City would be related to the relative activity of its own general fund. For the purposes of this analysis, it is assumed that the Valley City would accrue general fund interest earnings in proportion to the amount of total revenue that would transfer from the City.

Franchise Income

The City assesses a franchise fee on the sale of natural gas, cable television service, wastewater service, the operation of official police garages, taxicab income, and others. The City has provided estimates of the geographical source of revenue for cable, wastewater, and police garages, but not for the other franchise fees.

For the purposes of this report, the amount of gas franchise revenue that would accrue to the Valley City is estimated using the same proportion of cable television franchise fee revenue attributable to the Valley. City wastewater system franchise income is not assumed to accrue to the Valley City, as it has been assumed in this report that the City would retain ownership of the system. Taxicab franchise fees include a fixed franchise fee per cab and a fee charged when a cab franchise changes hands. The estimated proportion of taxicab franchise fee revenue attributable to the Valley is based on the number of vehicles authorized under the City's most recent taxicab franchise allocation. As part of the City's approved franchises for the year 2000, 196 of the total 2303 "vehicle authorities" were awarded to the San Fernando Valley service area.⁶⁷

Licenses, Permits, Fees & Fines

The City collects various licenses, permits, fines, and fees (LPFF) for services, such as building permits, animal licenses, and fire inspection fees. Also included in LPFF are reimbursements from the proprietary departments and for services related to special purpose funds. The fiscal year 2000-01 revenue budgeted for each budgetary department is provided in table R-4 in Appendix II of this report.

For the category of LPFF relating to reimbursements to the City's proprietary departments, and wastewater and stormwater system, it has been assumed in this report that no amount would accrue to the Valley City, as the Valley City would not provide services under the scenario described in this report.

Reimbursements from the MTA and those related to gas tax projects are assumed to accrue to the Valley City in proportion to population. LPFF for most other City budgetary departments are also assumed to accrue to the Valley City either according to population or the number of employees transferred. Population or the number of transferred employees is assumed for certain revenues, depending on which measurement appears to represent the level of service to be provided for the specific reimbursement or service.

A more detailed allocation of LPFF revenue associated with the Building and Safety department has been provided, given the magnitude of fees collected. The Building and Safety department collects revenue for plan checks, permits, and inspection fees, among others. The allocation of the department's receipts for Construction Permits, Other Licenses and Permits, Plan Checking Fees, and Engineering Fees, Inspection and Other Services, Plan Checks to the Valley were estimated using the relevant workload measurements shown in the table below.

⁶⁷ City of Los Angeles, "Recommendation to Award Franchises for the Operation of Taxicab Transportation Services in All Service Zones of the City of Los Angeles," October 19, 2000.

BUILDING AND SAFETY DEPARTMENT WORKLOAD MEASUREMENTS

		San Fernando	% San Fernando
<u>Workload</u>	<u>Citywide</u>	<u>Valley</u>	<u>Valley</u>
Permits Issued	326,266	117,102	35.89%
Plan Checks	75,182	27,761	36.93%
Inspections	1,117,711	448,388	40.12%

Detailed computations of Building and Safety LPFF are provided in Table R-5 in Appendix II.

A detailed allocation of LPFF has also been provided for the Fire Department. The allocation primarily assumes that most of the components of the Fire Department LPFF accrue to the Valley according to population, with the exception of the reimbursement for service from the City of San Fernando, which is assumed to accrue entirely to the Valley City.

Detailed computations of Fire Department LPFF are provided in Table R-6 in Appendix II.

Power Revenue Transfer

Under the provisions of the Charter, the Department of Water and Power has historically transferred a portion of power system earnings to the reserve fund of the City (which is then transferred to the City's General Fund), at the discretion of the department's board. The department has covenanted in its revenue bond resolutions to restrict the transfer to its net income in the prior fiscal year. Actual transfers have been generally equal to 5% of the department's gross operating revenues.

Although the department's ratepayers in the Valley contribute to the power revenue transfer, it does not appear that the Valley could accrue any portion of the transfer, given that the Valley City would not obtain an equity interest in the City's power system upon a special reorganization (see section "Transfer of Service, Costs, Revenues, and Assets – Water and Power - Assumed Service Method – Power"). Therefore, for the purposes of this initial fiscal analysis, it is assumed the Valley City would not receive an allocation of the power revenue transfer.

Documentary Transfer Tax

The Documentary Transfer Tax is assessed on all taxable conveyances in excess of \$100 at a rate of \$.55 per \$500 or fractional portion of real property value, excluding any liens or encumbrances already of record. The amount of tax revenue is related to the number the real estate tax transactions in the City. For the purposes of this analysis, the relative population in the City of Los Angeles and the Valley is used as an estimate of the amount of revenue that would accrue to the Valley City in the event of a special reorganization.

Grant Receipts

Grant funds are paid into the General Fund to be used at the discretion of the City. These grants differ from those where the use of funds is restricted to specific purposes, and the amount of revenue may be related to the level of overall activity of the City. Therefore, for the purposes of the initial fiscal analysis, it is assumed that the Valley City would receive grant receipts proportional to the total number of employees that would transfer.

Water Revenue Transfer

Similar to the power revenue transfer, the Department of Water and Power has historically transferred a portion of water system earnings to the reserve fund of the City (which is then transferred to the City's General Fund), at the discretion of the department's board. The department has covenanted in

its revenue bond resolutions to restrict the transfer to its net income in the prior fiscal year. Actual transfers have been generally equal to 5% of the department's gross operating revenues.

Although the department's ratepayers in the Valley contribute to the water revenue transfer, it does not appear that the Valley could accrue any portion of the transfer, given that the Valley City would not obtain an equity interest in the City's water system upon a special reorganization (see section "Transfer of Service, Costs, Revenues, and Assets – Water and Power - Assumed Service Method – Water"). Therefore, for the purposes of this initial fiscal analysis, it is assumed the Valley City would not receive an allocation of the water revenue transfer.

Transfer from Reserve Fund

The City maintains a reserve fund comprised of a contingency reserve and an Emergency Reserve. Funds in the Emergency Reserve are to be used only upon the finding of an "urgent economic necessity" by the Mayor and Council. As further discussed in section "Transfer of Assets – Investment Pool," the amount in the City's reserve fund is relatively small in comparison to other California cities. It is therefore assumed that this revenue item would not accrue to the Valley City upon a special reorganization.

Tobacco Settlement

As part of multi-state tobacco settlement agreement, annual payments are expected to be made from tobacco companies to the state, as well as a consortium of 58 counties and the four cities, including the City of Los Angeles. The settlement stipulates that states and local entities will continue to receive annual payments through 2025. The allocation of settlement funds to the City is set forth in a Memorandum of Understanding involving the state, for which the Valley City is not a party. It is therefore assumed for the purposes of the initial fiscal analysis that the Valley City would not accrue any tobacco settlement funds.

Special Purpose Fund Revenue

In addition to General Fund revenue, the City receives revenue for which the use is restricted to specific purposes. The largest special purpose fund revenue is the sewer construction and maintenance fund revenue, comprised primarily of wastewater system user fees and charges, which is restricted for use on wastewater-related costs. Other large special purpose fund revenues include the gas tax, which is assessed on the sale of gasoline and restricted to use on the City's streets, and the Proposition A and Proposition C "local return" taxes, which are the .5% sales taxes restricted to use for transportation purposes.

Upon incorporation, the proposed Valley City would be eligible for, and likely receive, many of the special purpose funds currently collected by the City. The City of Los Angeles in its February 2001 study estimated the geographic source of many special purpose fund revenues, and many of the City's estimates (upon review of the City's support data) have been used in this report. However, as with General Fund revenue, several revenue items generated by residents and businesses of the Valley may not necessarily accrue to the Valley City. An example is the revenue paid into the Sewer Construction and Maintenance Fund. As discussed in section "Transfer of Service, Costs, Revenues, and Assets – Water and Power," it appears that it would be necessary, at least initially, for the Valley City to contract for service to the wastewater system. Although under a contractual arrangement the Valley City would pay for its share of the capital costs and operating and maintenance expenses, the revenue would not accrue to the Valley City.

Further discussion of those revenues that may not accrue to the Valley City, as well as alternate estimates made in lieu of the City's estimates, are discussed below.

Sewer Construction and Maintenance Fund

The Sewer Construction and Maintenance Fund accounts for funds received for sewer-related purposes, including basic sewer service charges, Sewage Facilities Charges, and revenue from

contract agencies. As discussed in section “- Wastewater Service,” it has been assumed that the Valley City would contract for sewer service from the City, and would not accrue any system revenue.

Convention Center Revenue Fund

The Convention Center Revenue Fund accounts for monies derived from the operation of the Convention and Exhibition Center. As discussed in section “- Apportionment Methodology - Assets,” the Valley City is not assumed to receive an equity interest or retain control of the operations of the Los Angeles Convention Center, which would be outside its proposed boundaries. Therefore, it has been assumed that no Convention Center Revenue Fund revenue would accrue to the proposed Valley City.

Los Angeles Convention and Visitor's Bureau Trust Fund

The trust fund receives as receipts an amount equal to what would be generated by a transient occupancy tax of one percent, as well as an equal amount from the City's General Fund. Expenditures from the fund are restricted to the promotion and advertising of the Los Angeles Convention Center.

As further discussed in section “- Apportionment Methodology - Assets,” the Valley City is not assumed to receive an equity interest or retain control of the operations of assets such as the Los Angeles Convention Center, which would be outside its proposed boundaries. Therefore, no trust fund would be required by the Valley City to support a convention center. The Valley City would not lose revenue without a trust fund, and would expend the one percent transient occupancy tax levy and matching general fund revenue on other purposes.

Zoo Enterprise Trust Fund

The Zoo Enterprise Trust Fund receives all Los Angeles Zoo revenues, as well as any required transfer from the City's General Fund. As further discussed in section “Transfer of Service, Costs, Revenues, and Assets – Apportionment Methodology - Assets,” the Valley City is not assumed to receive an equity interest or retain control of the operations of assets such as the Los Angeles Zoo, which would be outside its proposed boundaries. Therefore, no trust fund would be required by the Valley City to support a zoo. The Valley City would not be allocated any operating revenue from the zoo; however, it would retain and required general fund revenue for other purposes.

Arts and Cultural Facilities and Services Trust Fund

The Arts and Cultural Facilities and Services Trust Fund accounts for revenues from a 1% fee assessed on the cost of all construction, improvement, or remodeling work for each public works capital improvement project undertaken by the City. In addition, the fund is also supported by a transfer from the City's General Fund equal to the amount that would have been generated from the transient occupancy tax (TOT), imposed at the rate of 1%. Given the fund is supported primarily by TOT revenue, it is assumed for the purposes of this analysis that the amount that would accrue to the Valley City is equal to the proportion of TOT generated in the Valley.

Older Americans Act Fund

For planning purposes, the City allocates Older Americans Act funds to different geographic areas within the City based on a City Funding Formula. The funding formula percentage allocated to the Valley (25%) is used to estimate the amount of budgeted Older Americans Act funds that would accrue to the Valley City.

City Ethics Commission Fund

The City makes an appropriation annually from its General Fund to fund the operations of the City Ethics Commission. The revenue accounted in the City Ethics Commission Fund is thus a transfer from one City fund to another. However, to assist in reconciling to the City's budget, it is assumed the Valley would accrue this revenue in an amount proportional to all General Fund revenues transferred to the Valley City.

Street Lighting Maintenance Assessment Fund

The Street Lighting Maintenance Assessment Fund accounts for revenue collected from annual assessments used to maintain or improve street lighting in the City. Various street lighting assessment districts have been formed in the City, and in the event of a special reorganization the districts in the Valley would be administered by the proposed Valley City. The number of Bureau of Street Lighting field offices in the Valley has been used to estimate the service needs in the Valley, and the proportion of street lighting assessments that would accrue to the Valley City.

Local Public Safety Fund

Funds in the Local Public Safety Fund are allocated to the City in direct proportion to the amount of property taxes shifted to schools in the 1993-94 state budget, less the amount of State Motor Vehicle License fees received on a one-time basis. Funds must be spent on public safety.

It is unclear whether the Valley City would receive Local Public Safety Fund revenue pursuant to section 30051 of the Government Code. The state allocation appears to lock in the percentage from the 1995-96 fiscal year, which is prior to the incorporation of a Valley City. Therefore it is assumed the Valley City would not accrue any revenue from the Local Public State Fund.

Traffic Safety Fund

The Traffic Safety Fund accounts for the City's share of misdemeanor fines (not including parking offenses) and forfeitures collected, allocated subject to Section 42200 of the Vehicle Code. For the purposes of this initial fiscal analysis, it is assumed the share of Traffic Safety Fund attributable to the Valley is proportional to population.

As a point of reference, the number of traffic citations in the Valley was computed to provide a proxy measure of revenue generation in the Valley. Based on fiscal year 1998-99 data, police service areas in the San Fernando Valley accounted for 34.1% of all traffic citations issued.

**CITY OF LOS ANGELES POLICE
DEPARTMENT
TRAFFIC CITATIONS ISSUED
FISCAL YEAR 1998-99**

<u>Area</u>	<u>Traffic Citations</u>
Van Nuys	50,753
West Valley	39,008
North Hollywood	25,772
Foothill	26,413
Devonshire	39,664
 Total Valley	 181,610
 Total Citywide	 532,149
 % Valley	 34.1%

Special Police Communications/911 System Tax Fund

The fund receives proceeds from a special parcel tax that was approved by voters in 1992 to repay bonds issued to finance improvements to the police communications system. It has been assumed in this analysis that the City would continue to administer the repayment of debt service on the bonds, and the residents of the Valley would continue to pay its allocable share of the parcel tax directly to the City. Therefore no Special Police Communications/911 System Tax Fund would accrue to the Valley City upon a special reorganization.

Allocations from Other Governmental Agencies and Other Sources

This category includes a variety of miscellaneous revenue for engineering, design, fire protection, acquiring rights of way, and construction. It is assumed for the purposes of this analysis that the Valley City would accrue an amount of these various payments from governmental agencies and other sources in proportion to the general level of service provided by the Valley City, as measured by the number of employees transferred to the Valley City.

The computation for the allocation of all other special purpose fund revenues is provided in Table R-7 in Appendix II.

Transfer of Assets

As part of the discussion of each City department in this report, City-owned equipment and facilities that are currently used in providing services, such as maintenance and storage facilities, vehicles, and computer networks, have been identified, and an assessment has been made whether these assets could be apportioned to a Valley City.

The assumed transfer of City-owned assets to the Valley City is based on current usage and not the applicant's proposal. As discussed in section "Transfer of Service, Costs, Revenues, and Assets – Apportionment Methodology – Assets," the applicant has proposed that the Valley City be allocated all assets within the boundaries of the special reorganization area and a proportional equity interest in other City assets. While the applicant has no entitlement to the apportionment of assets, LAFCO has the discretion to require a transfer of assets pursuant to the Cortese-Knox Act. If an asset apportionment is based on geographic location or on equity interest, as opposed to the need to support the performance of a municipal service, additional capital expenditures could be required by either the City of Los Angeles or Valley City. The most cost-effective method of asset allocation – that based on need – has been assumed in this analysis.

Based on the department-by-department analysis of equipment and facilities in this report, it is estimated the Valley would be allocated 108 facilities (administration buildings, vehicle maintenance and storage facilities, police stations, libraries), and 129 parks and recreation centers as part of the special reorganization. An additional 25 Valley facilities have been identified by the City, of which 11 are assumed to be retained by the City, 12 were not identified by the various City departments, and 2 are located outside of the proposed area of special reorganization. A preliminary listing of the municipal facilities that would transfer to the Valley City is provided in Appendix I to this report.

Value of Transferred Municipal Facilities

A valuation of the cost of leasing or replacing the City facilities assumed transferred to the proposed Valley City has not been undertaken as part of the initial fiscal analysis. An analysis of the replacement cost of facilities may be completed, subject to the specific proposals contained in the applicant's final proposal, as part of a final comprehensive fiscal analysis.

Investment Pool

Available general fund balances can guard against variability in revenue, and enhance the City's ability to meet on-going expenditures. As of June 30, 2000, the City reported in its Comprehensive Annual Report a General Fund balance of \$219.3 million. Of this amount, most was designed or earmarked for specific purposes, such as future expenditures or reserve funds. In fact, the City has budgeted a zero balance for its General Fund for fiscal year 2000-01, demonstrating that balances are not available for additional budgetary appropriations.

The City maintains a reserve fund, and the budgeted cash balance for the end of fiscal year 2000-01 is \$60.4 million. Of this amount, \$40.4 million was allocated to the City's Emergency Reserve Account and \$20.0 million to the Contingency Reserve Account. However, the City does not maintain its reserve fund for working capital purposes, but for unexpected expenditures or emergencies that may arise over the course of the year. Consistent with City policy to maintain a minimum balance of 2% of General Fund revenues, the budgeted Reserve Fund balance represents approximately 2.06% of the \$2.932 billion in fiscal year 2000-01 General Fund revenues. This level of fund balance is relatively small, as, according to Moody's Investors Service, the average reserve as a percent of general fund revenues is 26% for the "typical California city."⁶⁸

The balance in the City's General Fund varies over the course of the year, as the cash flow of revenues and expenditures do not necessarily match. Property taxes, for example, are paid biannually, and are received by the City primarily in December and May, while most expenditures are made evenly over the fiscal year. In fact, because of the unevenness in the receipt of revenue, the

⁶⁸ Moody's Investors Service, "Moody's Analysis, Los Angeles (City of), California," December 2000, p. 6.

City has historically issued tax and revenue anticipation notes to finance the revenue shortfall during the course of the year. The City has issued tax and revenue anticipation notes in par amounts ranging from \$15.0 million to \$328.7 million annually from 1996 to 2000. With the exception of these borrowings, the City has not borrowed from external sources for cash flow purposes since 1986, and has relied on internal cash resources to manage timing differences between the receipt of revenue and the expenditure of general funds. The notes are payable from the unrestricted monies received by the City during fiscal year 2000-01.

The new Valley City would similarly need to establish working capital to fund its operations, beginning in fiscal year 2003-04. Alternative working capital sources for the proposed Valley City include unexpended vehicle license fees, which would be reapportioned and allocated to the city upon the effective date of incorporation, or the proceeds of a short-term borrowing such as revenue anticipation notes. Given the apparent lack of available cash from the City, it is assumed for the purposes of this analysis that no transfer of cash would occur from the City to the proposed Valley City.

Valley City Start-Up Costs

The applicant's proposal to assume responsibility for all municipal services currently provided in the Valley would require not only the transfer of personnel to perform those functions, but also the capital and equipment, such as building space, vehicles, maintenance facilities, telecommunications, and information technology systems necessary to support those functions. The manner in which the Valley City utilizes existing City of Los Angeles capital and equipment and the way it provides for any additionally required assets are key aspects to the analysis of the applicant's proposal.

Many assets currently owned by the City in the Valley, such as office buildings, libraries, police stations, fire engines, street sweepers, desktop computers, et al. could be transferred from the City to a new Valley City. Other assets comprise a larger interdependent system of assets, and may not be easily divided and transferred to the Valley City. Examples of such systems include the Emergency Command Control Communications System used to deploy fire and police in response to calls from the community, the City's fiber optic network that connects the City's four city halls and police stations, and the Emergency Operations Center that serves as a hub to coordinate City resources in the event of an emergency. These systems cannot likely be divided without designing and constructing two separately functioning systems.

The applicant has not proposed a plan that would result in the provision of assets that are currently part of an interdependent system. In lieu of a specific proposal from the applicant, it has been assumed for the purposes of this analysis that the Valley City would need to contract with the City to jointly use those systems that cannot be divided. In the event joint-use of the system is not possible, alternatives (and the costs of those alternatives) are provided.

Information Technology Systems

This section provides an analysis of technical and economic issues related to the divisibility of the information technology (IT) environment of the City of Los Angeles. The City's current IT infrastructure includes certain components that are necessary in performing day-to-day functions, such as automated payroll and accounting systems, and emergency communications systems used by public safety personnel. In the event of a special reorganization, a new Valley City would require the use of the City's existing IT infrastructure, or provide for this service independently. This section identifies the alternatives available to the proposed Valley City, and attempts to estimate the economic impact of the differing alternatives.

This section is not a detailed (or "bottom up") review of each component of the City's IT environment and the impact of a special reorganization on each. Such an analysis is extremely time-intensive and would require detailed information from the City as to the specific usage and architecture of its existing IT infrastructure, and would also require input from the Valley applicant regarding the expected usage, or business environment, of a proposed Valley City. Rather, this section provides a high-level assessment of the available strategies for the use of the City's IT components and the potential initial, or "transition" costs, and the recurring costs of each strategy. As such, the information must be viewed as providing guidelines rather than specific projected costs.

Components of the IT Environment

The City's Information Technology Agency (ITA) has identified the following list of components that comprise its IT environment:

1. Applications
2. Enterprise Server Related Infrastructure
3. Internet Infrastructure
4. Radio Communications Infrastructure
5. Data Communications Infrastructure
6. CityView's Studio Facility
7. Training Center
8. City Hall Telephone Operations Center

9. Telephone Network
10. Fiber Optic Network
11. Hardware and Software Configuration Inventories and Support
12. Network Communication Control Center

The City has indicated that some of the components of this environment are more readily divisible than other components, while others are best used in common, and some can neither be used in common nor divided. Whether any of the components can be divided or used in common will impact the continuing cost of IT for the City of Los Angeles in the event of Valley special reorganization, as well as for the new Valley City.

Although the Valley applicant has proposed that it be allocated a proportional share of the City's assets (and by implication the City's IT environment), the City has asserted that much of its IT environment cannot be divided, and that any replication of a component of the IT environment cannot be done without increasing the aggregate cost for these components. As stated above, it is not possible to reassess the City's findings for each component of the IT environment. However, the City's IT environment can be grouped into several broad categories, and feasible alternatives for the provision of service for a Valley City can be identified and assessed for those categories. The table below identifies the differing categories that comprise the City's IT environment.

For convenience, Internet Infrastructure, Radio Communications Infrastructure, Data Communications Infrastructure, Network Communications Control Center, and the Fiber-Optic Network have been grouped under a single category of Data Communications, and the City Hall Telephone Operations Center and the Telephone Network have been grouped under Telephony.

SUMMARY OF CITY OF LOS ANGELES IT ENVIRONMENT

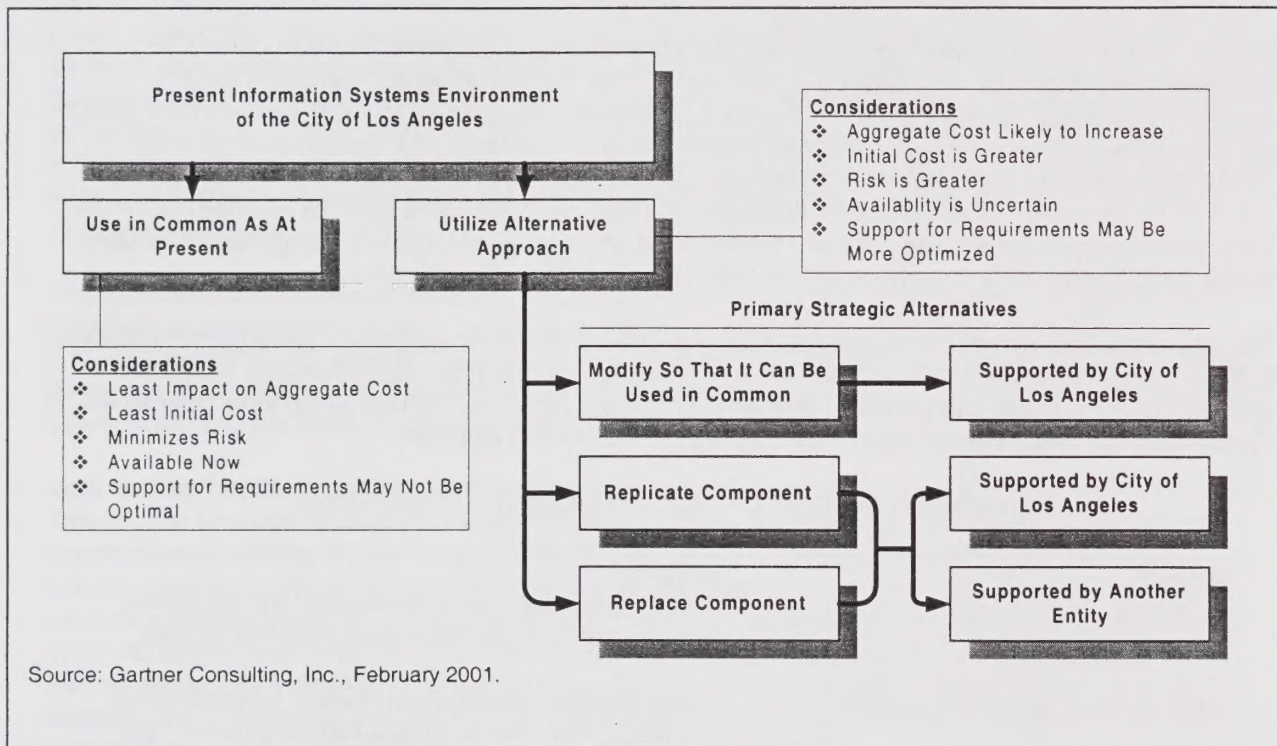
<u>Category</u>	<u>Definition</u>
Applications	Covers Application Programs, Development and Maintenance Technical Staff, and Application-related Help Desk Services.
Enterprise Server Related Infrastructure	Covers Data Center operations and staffing. Enterprise Server (Mainframe), Direct Access Storage, Operating Systems, and associated software products.
Data and Radio Communications Infrastructure	Consists of the Intranet Infrastructure, Data Communications Infrastructure, Remote Servers, Radio Communications Infrastructure, and End User Support.
Training Infrastructure	Includes the Training Facility Infrastructure, Classroom Training Materials and Instruction, Self-Study Training Materials, and Related Hardware and Software.
Telephony Infrastructure	Includes the Telephone Network, City Hall Telephone Operations Center, and "Add, Move, Change" Support Staff, Help Desk.
Desktop Services	Consists of Hardware and Software Configuration Management, PC hardware and Operating System, "Add, Move, Change" support staff, "Office" software suites, PC-based standalone applications, Help Desk, End-User Support, and Printers.

Alternatives for the Provision of Service

This section reviews the various strategies available to the City and proposed Valley City for each component of the City's present IT environment and the relative impact that each strategy would have

on the aggregate cost for IT. The figure below provides an illustration of the potential strategy for each component of the present IT environment of the City of Los Angeles. There are generally two basic IT strategies: (1) use the IT environment in common as it is currently done, or (2) utilize an alternative approach. There are three further options in the event that a component of the IT environment cannot be used in common as at present:

1. Modify the component so that it can be used in common;
2. Replicate the component so that the Valley City has its own, unique component; and
3. Replace the component with new components for the Valley City.



Each of the available strategies for the provision of IT services is discussed in the table below, and an assessment is provided as to the most reasonable strategy that would result in continued service for the City and would allow a Valley City use of an IT environment.

ASSESSMENT OF ALTERNATIVES IT STRATEGIES

<u>Strategy</u>	<u>Definition</u>	<u>Assessment</u>
Use Current Component of IT Environment	The cities would continue to use the component of the IT environment just as it is used today – special reorganization would have no impact on the component.	Optimal strategy for the near-term, although there could still be some additional costs if software licenses or other agreements need to be re-negotiated as a result of the component being used by an entity other than the City of Los Angeles.
Modify Current Component of IT Environment	The component of the IT environment would have to be modified in some way, perhaps extensively, for the cities to use it following special reorganization.	Strategy may not be viable without additional analysis.
Replicate Current Component of IT Environment	The component of the IT environment supporting City of Los Angeles would have to be replicated to support the San Fernando Valley following special reorganization. Optionally, the City of Los Angeles or another entity could support the replicated component.	Replacement is probably not a highly viable strategy at this time based on the level of risk, the length of time required for acquisition through implementation, and the impact on startup costs. Should it be necessary to replace a component of the IT environment, then having it supported by an entity other than the City of Los Angeles should mitigate the possible impact on present City facilities.
Replace Current Component of IT Environment With New Component	The component of the IT environment supporting City of Los Angeles would have to be replaced with a new IT component to support the San Fernando Valley following special reorganization. Optionally, the City of Los Angeles or another entity could support the replicated component.	Replacement is probably not a highly viable strategy at this time based on the level of risk, the length of time required for acquisition through implementation, and the impact on startup costs. Should it be necessary to replace a component of the IT environment, then having it supported by an entity other than the City of Los Angeles should mitigate the possible impact on present City facilities.

Because a strategy involving the use of the current components of the City's IT environment would have the least impact on aggregate cost and initial/transition costs, would minimize risk, and is available now, it is assumed that the City and Valley City would pursue this alternative. The implication of this strategy is that, in the absence of a detailed plan from the Valley applicant as to the method of providing IT services, the City would, to the extent feasible, share all existing IT components with a new Valley City. The ability to share an IT component is a function of more than just technology, however, and is also dependent on legal and operational considerations. The use of the City's current IT environment by the Valley City would also require City staff to manage the various IT components on behalf of a Valley City. This would prohibit the transfer of many City of Los Angeles municipal services that relate to the utilization of IT components, and would require compensation by the Valley City for a proportional share of City services.

A detailed analysis of each category of the City's current IT environment is provided below, including a description of the assumed strategy to be taken by the City and Valley City and the potential cost impact of such a strategy.

Applications

ITA develops and maintains applications for use by many of the City departments. ITA provides support for various systems and facilities, which belong to other City departments. The ATSAC, and Fire Command and Control System, for example, are not ITA assets but are supported by the

department. ITA houses several components of the Fire Command and Control System hardware as well as other City department systems at the Computer Operations Center. An initial list of ITA-supported applications identifies approximately 145 applications.

A proposed Valley City could potentially use these applications as they are at present, or they may need to be modified, replicated, or replaced. A more detailed, application-by-application analysis would be required to determine the best course for each application and the related transition and recurring costs. The magnitude of this effort is a factor of the number of applications and their complexity. ITA has identified 145 applications that they support across all City agencies; however, during the City's preparation the year 2000, a portfolio of 1,788 applications was identified by the City's Y2K office. Factors that could affect the cost of continuing to use these applications as they are at present could include software licensing agreements and third party agreement, which might not provide for utilization of the applications by employees of an entity other than the City of Los Angeles. Finally, there are some applications used by the City of Los Angeles (principally for public safety) that are supported by external entities such as the County of Los Angeles and the State of California. These could also be affected by the special reorganization of the San Fernando Valley from the City.

The following technological factors must be considered in deciding how the component can be provided for the Valley City:

- Application architecture – application architectures can vary considerably depending on the age and type of the application. Therefore, an application-by-application analysis would be required to determine portability and/or interoperability. For the City of Los Angeles to share a system with a new Valley City may require customization of the application, the extent to which would depend on the flexibility of the system.
- Application “Refresh” cycles – are any of the applications at a point in their life when they are due for replacement or renovation irrespective of special reorganization?
- Software licenses – what are the terms and conditions? Are the licenses transferable?
- Are the contracts for commercial, off the shelf (COTS) software product licenses written on a per seat or tiered pricing basis?
- Do the terms and conditions of other third-party contracts for software and services permit the use of the application by a Valley City? Are these agreements transferable?

The assumed strategy to be undertaken by the Valley City would:

- Utilize existing applications to the maximum extent possible under a leasing agreement with the City of Los Angeles for shared application services with a finite term, e.g., one-year impact on recurring and transition costs would be minimized.
- Utilize the term of the leasing agreement to assess each application, determine appropriate alternatives, and collect appropriate business requirements and service level data.

It is important to note that the initial and recurring costs can only be assessed on a per application basis. Any factors that would prohibit the Valley City from using a specific component of the City's IT infrastructure would require the Valley City find an alternative method of service, which would increase its initial and recurring costs. For the purposes of this initial fiscal analysis, it is assumed that, to the extent possible, all existing applications would be shared, and the Valley City would reimburse the City for its costs. Any application that is not “mission critical” and cannot be shared is assumed not utilized by the Valley City.

Enterprise Server Related Infrastructure

ITA's System Processing Bureau provides operation and support of various mission critical applications through the City Enterprise Server (ES) or mainframe and its related infrastructure. The ES and the related infrastructure will be very difficult to divide as the ES has only one physical Central Processing Unit (CPU). All of the licensing is tied to that particular CPU serial number and CPU capacity. Other ES related items fall into a similar category. For example, the ES Direct Access Storage Devices (DASD) or disk farm is not easily divisible; the ES communications infrastructure, printing infrastructures, the software licenses, etc., are not easily divisible as well. However, there is the option that the large CPU could be exchanged for two smaller CPUs that could then be divided among the City and the special reorganization areas. Similar work could be done on the ES infrastructure. This would be an expensive option because the economies of scale that are generated from one large processor would be lost on two smaller processors.

The following factors must be considered in deciding how the component can be provided for the Valley City:

- Renegotiating contracts - software licenses could double depending on software vendors pricing structure
- Does the City of Los Angeles' Data Center provide for growth?

The assumed strategy to be undertaken by the Valley City would involve the following:

- Use in common as at present wherever possible; if the application is itself used in common, the enterprise server infrastructure should logically follow.
- Should it be necessary to replicate or replace an application and the City of Los Angeles is going to continue to support it, it may be possible to re-allocate space on the current enterprise server by logically partitioning the machine. This could be accomplished without affecting the physical capacity of the operations center.
- Use the term of the initial service agreement to capture key metrics, i.e., GB Disk Storage, CPU hours, MIPS.
- Use the term of the initial service agreement to determine service levels for computer processing, data storage and output services.

It is assumed in this analysis that any mission critical, or vital function of the City's IT environment, which would be required by the proposed Valley City, would be shared with the City of Los Angeles. One specific component of the City's IT environment that has been identified as vital in the on-going operation of a Valley City is an accounting system. The City currently uses a Financial Management Information System (FMIS) to perform accounts payable, accounts receivable, general ledger, encumbrance control, and fund accounting functions of the City. A Valley City would also require an accounting system for its transactions, which could potentially be accomplished on FMIS. However, reprogramming of FMIS would be necessary to create separate funds for the Valley City, and allow for a differentiation between City of Los Angeles and Valley City transactions. Although it has been assumed elsewhere in this report that the Valley City would reimburse the City of Los Angeles for costs to support the City's IT environment, the cost of reprogramming must be recognized as an additional expense. The cost impact of the FMIS reprogramming is discussed in section "IT Transition Costs."

Data and Radio Communications Infrastructure

Internet Infrastructure:

ITA is responsible for design, implementation, and management of the Internet infrastructure for Council controlled departments utilizing the network backbone implemented and maintained by ITA.

Most departments utilize this infrastructure. Departments that are not controlled by Council generally maintain their own separate networks and Internet infrastructure. Some departments that maintain their own Internet infrastructure are the Library, Department of Water and Power, Harbor, Airports, and the Convention Center.

The Internet infrastructure consists of the connection to the Internet Service Provider (ISP), a firewall to protect the City network and control access, proxy servers to perform address translation and improve throughput, an e-mail gateway, management software, and the network hardware. The latter consists of components (routers, switches, and hubs) to connect pieces together and create a controlled access zone (DMZ) where the application web servers can be located. The Internet infrastructure is a basic requirement for any network that connects to the Internet. It cannot be divided and will therefore have to be duplicated for each network with an Internet connection.

ITA provides a web server, located in the DMZ, for hosting the City's Internet web site. However, ITA does not develop web page content. Web pages are developed and maintained by the individual departments who have responsibility for the content. The City does not require that departments use the ITA web server and some City Departments host their web pages on external commercial web servers. Departments that maintain their own Internet infrastructures generally host their web pages on their own web servers.

Radio Communications Infrastructure:

Radio communications buildings and the supporting infrastructure (towers, air-conditioning, generators, etc.) and communications equipment in the buildings cannot be divided or duplicated at a minimal cost. All other radio communications facilities provide radio coverage to more than one specific area.

Public agencies currently operate in every available frequency band allocated for public safety use, including Very High Frequency (VHF) low and high bands, Ultra High Frequency (UHF), and 800 MHz frequencies. This constraint inhibits a replication of the system. The new spectrum in 700 MHz range that has been allocated to public safety will most likely not happen in the foreseeable future.

Data Communications Infrastructure:

The data communications equipment located in city buildings and in the City Hall East Emergency Operations Center communications facilities cannot be divided or duplicated, as it has been designed and implemented for City departmental and City backbone network requirements. The design and configuration of network components have been implemented for communications for the entire City and not for a specific geographic area. The network infrastructure has been designed to provide services for City departments to communicate with all internal City departments and external organizations as required.

Network Communication Control Center:

ITA maintains a Network Communication Control (NCC) center to support the network monitoring and maintenance for the entire ITA supported network. The NCC is an integral part of the data communication infrastructure and therefore cannot be divided or duplicated for a minimal cost.

Fiber Optic Network:

The Fiber Optic Network consists of two fiber rings that provide services to the four civic centers and the eighteen Police Divisions. The rings were created to provide alternate paths for communications should a disruption occur. The fiber rings serve all geographic areas of the City, and separation could not be accomplished without destroying the redundant architecture of the fiber ring. Duplication of the rings could be accomplished at a cost exceeding \$20 Million.

Estimated Annual / Recurring Expenses

Although the City maintains an Information Technology Agency with a well-defined annual budget, the proliferation of IT throughout the City and the payment of a proportion of this infrastructure from

individual departments' budgets rather than the ITA budget can make it difficult to assess how much the City actually spends on IT. Industry research indicates that this "hidden" departmental spending on IT varies, but can be almost as much as the reported, central IT budget. In the case of the City of Los Angeles, the fiscal year 2000-01 budget for the Information Technology Agency is \$100.6 million (excluding "interdepartmental charge" reimbursements from other departments) suggesting that total City expenditures may be as much as twice that.

The estimated Valley City share for the total amount of direct City IT expenditures is based on the proportion of City employees that would transfer to the Valley City. Indirect IT costs are estimated using the City's CAP rate for the Personnel Department. An attempt has also been made to identify the budgeted components of the imbedded components of the City's IT expenditures for certain vital components of the City's IT environment. As shown on the table below, based on this analysis, it is estimated that at a minimum, 473 positions in the City would be contracted by the Valley City to support its IT environment.

**CITY OF LOS ANGELES POSITIONS CONTRACTED BY VALLEY CITY
SUPPORT OF IT ENVIRONMENT**

<u>Department</u>	<u>Number of Positions</u>	<u>Function</u>
Controller	7	FMIS support
Fire	33	ECCCS support
Information Technology	185	Support for 145 citywide applications
Police	205	ECCCS support
Transportation	11	ATSAC support
Library	32	CARL, Web, network support
Total	473	

A useful comparison to the estimated total level of City IT expenditures is to evaluate the cost of IT per employee. Industry analysis on IT expenditures indicated a median cost per employee of \$4,878 for state and local government.⁶⁹ Rounding that median cost to \$5,000 per employee and multiplying that by the 34,000 employees of the City of Los Angeles suggests that total IT expenditures for the City are approximately \$170 million, suggesting that hidden spending is about 70% of reported spending. This estimated \$170 million in annual IT expenditure by the City of Los Angeles is what can be considered the "aggregate" or annual recurring cost for IT.

The aggregate IT budget for the City is not assumed impacted as a result of providing service for a Valley City. However, as discussed below in section "IT Transition Costs," this assumption presumes the City will provide services on behalf of the Valley City for IT-intensive services, such as payroll and police and fire dispatch, and minimal effort is undertaken to differentiate usage between the City of Los Angeles and Valley City. That is, it is assumed in this analysis that the Valley City will reimburse the City for IT services using a broad measurement such as the proportion of employees transferred, and no detailed programming or accounting is undertaken to differentiate the actual usage of the City's IT environment. In the event any additional work is performed to differentiate usage (such as that assumed for FMIS), costs in addition to those incurred by the City would result.

In addition, if the Valley City determines that it requires additional IT professionals, or does not wish to receive all of its IT staffing support from the City of Los Angeles, then the Valley City would incur costs in addition to those paid to the City for contractual IT services. It is not possible at this time to accurately assess how many additional IT professionals might be required by the Valley City; however, it is reasonable to assume that Valley City will desire to have some IT professionals of their own. For

⁶⁹ Gartner Group, Inc., "1998 IT Spending and Staffing Survey Results," June 1999.

planning and budget purposes, it may be prudent to assume that the Valley City may utilize a minimum of 5% of its allocation for internal IT staff for resources other than those provided by the City of Los Angeles for a projected amount of \$1 million.

IT Transition Costs

The costs identified above are annual, recurring costs. In the event that the Valley City cannot use certain components of the present IT environment of the City of Los Angeles, it is possible that some additional costs may be incurred. These can be called “transition” costs. Transition costs consist primarily of the expenses related to the modification of an existing component of the IT environment to make it useable by the new Valley City or the acquisition of a new component. All transition costs are additive in the short term although there is a possibility that, depending on the approach taken, long-term recurring costs might be reduced compared to present levels.

Transition costs cannot be predicted without a very exhaustive review of each component of the IT environment. Even if the Valley City continues to use the present components of IT environment of the City of Los Angeles (which is the best case scenario for minimizing the impact of special reorganization on transition costs), there is still the potential for some incremental costs related to special reorganization. These costs cannot be projected with the information available at this time; however, it is possible to provide a “ballpark” estimate to be used as a planning number only. This planning number is based on a number of assumptions and should be regarded as highly speculative.

The County of San Diego recently requested bids from private parties to source its entire IT environment. Analysis of transition costs from three bids prepared for the County of San Diego for its sourcing of IT services yielded a range of \$4.8 million to \$15.7 million, with a midpoint of \$10.2 million. The sourcing of IT services for the County of San Diego was a far more extensive effort than is anticipated for the special reorganization of the San Fernando Valley and therefore should not involve the same level of transition costs. Assuming that most of the components of the IT environment of the City of Los Angeles will continue to be utilized in the event of a special reorganization just as they are today, then the transition costs should be minimized. For planning and budget purposes, it may be prudent to start with an initial estimate of the transition costs as being between 20% to 30% of the transition cost midpoint developed from the proposals for the County of San Diego's sourcing of IT services. This would suggest that, subject to a detailed analysis, an initial estimate of the range of the transition costs may be approximately \$2.4 million to \$3.6 million. For the purposes of this initial fiscal analysis, it is assumed the Valley City would pay an additional cost of \$3.6 million in IT-related transition costs for the first five years of incorporation. It is further assumed the transition costs related to the reprogramming of the City's FMIS are included in the \$3.6 million annual amount.

This estimate assumes that many of the components of the IT environment, particularly those supporting “mission critical” functions such as public safety, health, and sanitation, can be used in common as they are today. If this should prove not to be the case, meaning that the Valley City would need to have components of the IT environment modified, replicated, or replaced, then the level of transition costs would be considerably higher. It is conceivable that in this instance, the estimated transition costs could exceed the \$15.7 million top of range transition cost estimate for the County of San Diego.

Factors that could account for this expenditure include:

- Additional costs related to performing a detailed, “bottom up” analysis of the IT environment of the City of Los Angeles to resolve the status of each component and sub-component. If the City of Los Angeles does not have sufficient IT staff to perform this analysis, then external service providers may be needed.
- Additional costs related to planning and managing the transition.

- Additional costs related to changes in software licensing agreements and other third-party agreements as a result of users from entities other than the City of Los Angeles utilizing components of the IT environment.
- Additional costs related to the development of service level agreements between the City of Los Angeles and the new cities.
- Additional costs related to the development of concise system requirements for each of the new cities. This will permit a more precise determination as to whether it is operationally feasible to use a component of LA's present IT environment as it is used today or if an alternative approach should be considered.

A \$3.6 million annual amount for IT transition costs is assumed for purposes of projected future expenditures for the Valley City. As noted above, this amount, however, must be considered a minimum level, and could increase significantly depending on the extent IT services cannot be shared with the City of Los Angeles.

Additional Personnel

Throughout this fiscal analysis, it has generally been assumed that existing City personnel would be apportioned to the proposed Valley City, and no additional hiring would occur. This implies that the general manager or executive director positions currently with the City would remain with the City, and the Valley City would fill its top management positions from other City staff transferred. However, for elected officials, the Valley City would need to create additional positions, which would likely result in additional salary expenses for the new city.

The Valley applicant has stated in its vision statement that it would incorporate as a general law city, with an elected mayor and council. Although the applicant has stated that its council would be "compensated fairly," no salary amounts have been provided. The applicant has also not identified whether other Valley City officials would be elected. The Los Angeles City Charter does require that the City Attorney and Controller be elected.

For the purposes of this initial fiscal analysis, it is assumed the Valley City would be consistent with the provisions of the Los Angeles City Charter relating to elected officials, and have an elected city attorney and controller. Pursuant to AB 185 (Hertzberg) (Government Code section 56852.7), the Valley City would have a council elected from at least 12 districts. The Valley City may also require a full time, five-member, paid Board of Public Works, if the new city is to be consistent with the provisions of the Los Angeles City Charter.

The estimated costs, in fiscal year 2000-01 dollars, for the assumed Valley City elected officials and paid Board positions is provided in the table below. The assumed annual salary for the Valley City elected officials is equal to the current salary for the comparable City of Los Angeles officials, inflated by an assumed 20% fringe benefit rate.

**VALLEY CITY
COST OF ADDITIONAL PERSONNEL**

<u>Position</u>	<u>Number</u>	<u>2000-01 Annual Salary*</u>	<u>Fringe Rate**</u>	<u>Total</u>
City Attorney	1	159,661	20.00%	191,593
Controller	1	146,356	20.00%	175,627
Council Member	12	133,051	20.00%	1,915,934
Mayor	1	172,996	20.00%	207,595
Member Board of Public Works	5	93,231	20.00%	559,386
Total				\$ 3,050,136

* Effective January 1, 2001.

Source: City of Los Angeles, "Class Title/Salary Table," January 18, 2001. Board of Public Works annual salary from "Description of Positions and Salaries, Fiscal Year 2000-01 Proposed Budget."

** Estimated fringe rate.

For purposes of estimating future Valley City expenditures, it is assumed that the Valley City elected officials would begin their terms immediately upon the effective date of incorporation. The Board of Public Works is assumed to begin service on July 1, 2003.

Transition Team Expenses

In addition to recurring annual costs from additional staff, it is assumed for the purposes of the fiscal analysis that the Valley City would expend \$1 million during the transition period (November 5, 2002 to June 30, 2003) for a transition team that would provide the administrative, financial, legal, and technical support required for a transition of service from the City. It is anticipated that the Valley City will provide additional detail of its transition team requirements in its final proposal for special reorganization.

Office Facilities

The applicant's proposal to assume responsibility for services in the Valley indicates that City personnel, who currently work for the benefit of the Valley, would become Valley City employees. The implication of this specific proposal is that many of the positions currently located in the Civic Center area of the City of Los Angeles would be moved to municipal facilities located in the Valley.

The City has estimated that, as of 1995, 8,650 of its employees (excluding Police, Library and proprietary departments) were located in office facilities in the City.⁷⁰ Assuming this level of employees in office facilities has not materially changed since 1995, a proportional share of these positions may need to be transferred to the Valley City, and would presumably require office space in the San Fernando Valley. It has been assumed in this report that 24.9% of the City's total workforce (excluding proprietary departments) would be transferred to the Valley City upon a special reorganization. This percentage is used to estimate the number of Valley City employees that would require office space. Based on the 8,650 citywide estimate, the Valley City would require office space for 2,153 employees.

The space requirement for 2,153 Valley City employees is estimated to be 495,190 square feet, based on a City estimate of 230 square feet of usage for each of its employees.⁷¹ As shown in the table below, the City currently owns four major office facilities in the Valley, with an estimated 103,870 total square footage.

⁷⁰ City of Los Angeles, *City of Los Angeles Office Facilities Master Plan, Volume 1 - Final Report*, March 1996, p. III-2.

⁷¹ *Ibid*, p. III-2.

MAJOR CITY-OWNED OFFICE FACILITIES IN THE SAN FERNANDO VALLEY

<u>Building</u>	<u>Address</u>	<u>Total Square Footage</u>
Building and Safety Facility	14425 Erwin Street	17,656.99
Sunland/Tujunga Municipal Bldg	7747 Foothill Blvd.	9,317.54
Van Nuys Municipal Building - Finance	14401 Erwin St	6,014.39
Van Nuys Municipal Building	14410 Sylvan Street	55,261.06
West Valley Municipal Bldg	19040 Vanowen Street	15,620.55
Total		103,870.53

Assuming that 85% of the total square footage of City-owned office space in the Valley is usable, the existing facilities can provide 88,290 square feet of office space for Valley City employees. This leaves a requirement of 391,320 usable square feet for new Valley City employees. At current market lease rates of \$2.02 per square foot in the Valley, the Valley City could expend as much as \$9.5 million annually in lease payments.⁷²

Although the Valley City may incur an increase in office lease costs, the City of Los Angeles may also see a reduction in lease costs in the event of a Valley City special reorganization, as the employee office space requirement in Civic Center may be reduced. If the reduction in City lease costs is equal to the estimated additional lease costs to be incurred by the Valley City, there would be no additional "start-up" costs in the Valley, as a portion of the City's current lease payments for office facilities in the Civic Center would be allocated to facilities in the Valley. It is not known at the time of this report whether the City would be able to reduce its lease payments in an amount equal to the estimated Valley City requirement. For the purposes of this analysis, it is assumed that the Valley City lease payment requirement would be equal to a reduction in lease payments for the City. However, to the extent the costs per square footage for Valley City space exceeds the costs paid by the City, or to the extent the City cannot reduce its lease payments to match the addition lease costs in the Valley, an additive regional cost would be created that would need to be paid by the proposed Valley City.

Legal Issues Affecting Apportionment

This section addresses certain legal issues that may arise as a result of a Valley area special reorganization. The applicant has proposed that it would take responsibility for an equitable share of the City's liabilities. Pursuant to Government Code section 57354, a new Valley City would remain liable for any outstanding obligation or liabilities of the City, and pursuant to Government Code section 56844, LAFCO may transfer or apportion outstanding obligations or liabilities among the affected cities as a part of the terms and conditions for special reorganization. This section identifies some of the legal parameters to be considered in the analysis of the transfer of City of Los Angeles liability to a Valley City.

Claims and Judgments Payable

As of June 30, 2000, the City reported \$665.5 million in unpaid claims, comprised of \$295.4 million for unpaid lawsuits and claims and \$370.1 million for workers' compensation losses.⁷³ The reported unpaid claim amount for future tort liabilities and future workers' compensation is a present value estimate based on actuarially estimated future claims. The City reports claims and judgments "when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss

⁷² Cushman & Wakefield, "MarketBeat Series," January 2001, p. 15. Lease rate for "Direct Weighted Average Class A Rental Rate" in the "Central Valley" market.

⁷³ Source: City of Los Angeles, *Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2000*.

can be reasonably estimated.”⁷⁴ The amount of reported unpaid lawsuits and claims includes \$29.2 million for approved settlement payments related to the Los Angeles Police Department Rampart Division Investigation.

The City provides for the actual payment of any claim in its annual budget. As shown in the table below for fiscal year 2000-01, the City has budgeted \$149.3 million for the payment or settlement of legal action, workers compensation, and police-related liability.

**CITY OF LOS ANGELES
FY 2000-01 BUDGETED CLAIMS AND JUDGEMENTS**

<u>Description</u>	<u>2000-01 Budget</u>
Workers' Compensation	\$ 85,951,000
Liability Claims	55,700,000
Reserve for Extraordinary Liability Claims	7,659,913
 Total	 \$ 149,310,913

In the event of a special reorganization, the Valley City would likely be required to fund any existing or new workers' compensation claims of any employees transferred. For the purposes of computing the expenditures that would accrue to a Valley City, it is assumed the Valley City would assume an amount proportional to the total number of employees transferred.

The Valley applicant has proposed in its vision statement that “each resulting municipality should assume its equitable responsibility for such existing debts and liabilities.”⁷⁵ Therefore, it is assumed in this analysis that the Valley City would be responsible for a proportion of the City's currently recognized (accrued but not expended) liability claims. This proportion is assumed, for the purposes of this analysis, to be equal to the total number of employees that would transfer to the Valley City, as this approximates the proportional level of service to be transferred. Any actual allocation of liabilities would likely need to be determined by LAFCO as part of the terms and conditions of a special reorganization.

In addition, as a newly incorporated city, the Valley City would be expected to incur new liability claims as part of its normal course of operations. Conversely, upon a special reorganization, the City of Los Angeles may experience a reduction in the volume of claims, given the reduction in personnel and services being provided by the City. Although the timing of any reduction is uncertain, given the lag between the actual occurrence of the event that generated the claim and the claim's resolution, it is further assumed that the Valley City's future expenditures for liability claims would be proportional to the City's fiscal year 2000-01 expenditure, based on the total number of employees transferred from the City.

The City is currently funding a reserve for expected claims resulting from Rampart Division investigations. The City has set aside \$22.34 million in its Reserve for Extraordinary Liability Claims Fund as of July 1, 2000. A Valley City would not be required to accumulate a similar reserve for extraordinary claims, and it is uncertain to what extent the Valley City would be liable for future claims. Although the City has estimated a potential Rampart Division liability of \$125 million, these liabilities are not currently reported as a liability of the City and may not be realized. Therefore, it is assumed that the Valley would not budget for an extraordinary reserve, and any Rampart Division claims would be funded from the City's existing reserve. However, the new city would remain potentially liable for judgments arising from Rampart Division in excess of reserves, pursuant to Government Code 57354.

⁷⁴ Ibid, p. 34.

⁷⁵ Valley Study Foundation, Inc., “Applicant's Preliminary Vision Statement for a Valley City.”

Bonded Indebtedness

As of August 1, 2000, the City of Los Angeles had \$9.9 billion outstanding in bonded indebtedness. The outstanding debt of the City is comprised of voter approved general obligation and special tax bonds, lease obligations issued by the Los Angeles Convention and Exhibition Center Authority or the Municipal Improvement Corporation of Los Angeles (MICLA), judgment obligation bonds, and various revenue bonds. The table below shows the outstanding debt of the City by type of debt.

CITY OF LOS ANGELES OUTSTANDING DEBT

<u>Type of Debt</u>	<u>Amount*</u>
General Obligation Bonds	\$ 551,220,000
Special Tax Bonds	168,885,000
Lease Obligations	1,156,035,000
Judgment Obligation Bonds	99,325,000
Revenue Bonds	7,937,870,000
Total	\$ 9,913,335,000

* As of August 1, 2000.

Source: City of Los Angeles Office of Administrative and Research Services.

Impairment of Contracts

An issue to consider relating to the City's debt is the potential impact on the City's bondholders upon a Valley area special reorganization. The City has made certain covenants to bondholders, and the potential impact on these covenants must be addressed when identifying alternatives for the apportionment of debt between the City of Los Angeles and Valley City.

Article I, section 10 of the U.S. Constitution, which is known as the "Contracts Clause," states in relevant part: "No state shall . . . pass any . . . Law impairing the Obligation of Contracts . . ." Substantially similar language is found in Article I, section 9 of the California Constitution, and California courts have generally considered both constitutional provisions under the same analysis. The leading case interpreting the Contracts Clause in the public finance context is *U.S. Trust Company of New York v. State of New Jersey*, 431 U.S. 1 (1977).

The analysis under *U.S. Trust*, as interpreted by the recent California appellate court decision *Board of Administration v. Wilson*, 52 Cal.App.4th 1109 (1997), poses the following questions: First, is there a valid contract? Second, is the impairment substantial? Third, is this substantial impairment nonetheless permissible as a reasonable and necessary exercise of government power to serve an important public purpose?

Under California court decisions, the question of whether the substantial impairment at issue is permissible as reasonable and necessary is to be determined on a "strict scrutiny" basis. In other words, the impairment must be narrowly tailored to further a compelling governmental interest. The State must use the least intrusive means to achieve its goals.

The allocation of various types of bond liability between the City of Los Angeles and the new Valley City is analyzed below under existing Contract Clause protections. A review of relevant state and federal judicial decisions yields the following general principles:

- Impairment must be "reasonable" in response to changed circumstances.

- Impairment must be “necessary,” which means narrowly tailored to further a compelling state interest
- Loss of even a portion of the security for bonds may be unconstitutional.
- Changes in the market value or credit rating of bonds may indicate whether impairment has taken place.
- The Cortese-Knox Act lets bondholders and other creditors ignore the reorganization in order to enforce their rights if their bonds go into default.

General Obligation Bonds

General Obligation Bonds are secured by ad valorem taxes levied against specific parcels of real property. The bonds may be secured by taxes on all real property within City limits, or in a more limited area, but the salient feature is the fact that the affected parcels are identifiable. This liability should not be apportioned geographically between the City of Los Angeles and the new Valley City. Instead, the parcels which are currently encumbered by the ad valorem tax lien should remain so encumbered until the GO Bonds are paid in full. This course of action results in no impairment of bondholders’ contracts.

The requirement to repay the general obligation debt of the City will likely remain with the property, regardless of whether the property becomes part of new Valley City. Therefore, in the event of a special reorganization, it is assumed that the residents of the Valley would continue to be liable for repayment of the bonds. It is further assumed that the City would continue to determine the general obligation tax levy on property owners and provide for payment of debt service to bondholders. Under this scenario, payment of the general obligation tax would be made to the City (through the Los Angeles County Tax Collector) by all properties currently subject to the tax, and no budget appropriation would be required by a Valley City.

Assessment Bonds and Special Tax Bonds

Assessment Bonds and Special Tax Bonds are secured by assessments and Mello-Roos special taxes, respectively, levied against specified real property within an assessment district or community facilities district. As with GO Bonds, such liabilities should not be apportioned geographically, but instead it is assumed that the parcels that are currently encumbered would remain encumbered until the bonds are paid in full. This course of action results in no impairment.

Enterprise Revenue Bonds

Enterprise revenue bonds are special, limited obligations secured by a pledge of revenues generated by one of the proprietary departments of the City of Los Angeles.

Any significant transfer of an enterprise’s revenue-producing assets will raise impairment issues, especially if the relevant bond documents include covenants prohibiting the sale, lease or transfer of any part of the enterprise. Since LAFCO has extensive flexibility in establishing the conditions for approval of the special reorganization, it will be more difficult to justify impairments as being reasonable and necessary. Therefore, it is assumed for the purposes of this analysis that the proprietary departments and their related bond obligations would remain with the City of Los Angeles, which would provide service to the Valley City through contractual arrangements.

Certificates of Participation and Lease Revenue Bonds

Certificates of Participation and Lease Revenue Bonds (“COPs”) are unsecured obligations of the general fund of the City of Los Angeles, payable under financing leases that encumber real or personal property with annual lease payments equal to the debt service requirements of the related securities.

In order to comply with State Constitutional debt limit provisions (Art. XVI, Section 18), the apportionment of obligations represented by COPs generally should be based on where the leased property is located. This should not raise impairment problems so long as the market value and credit ratings of the COPs are not adversely affected by such apportionment.

For the City's lease obligation bonds, the liability for repayment is not tied to property owners, but is paid from the City's General Fund. In the event of a special reorganization, the City would lose General Fund revenue, and the City's ability to repay the lease obligations would be diminished. To ensure that the rights of bondholders are not negatively impacted as a result of a special reorganization, a form of payment from the Valley City for the City's lease obligations would likely be required. The Valley applicant has proposed in its vision statement that "the debt attaching to an asset being claimed or received hereunder shall accompany the asset or that portion of the asset allocable to each municipality." Based on this proposal, it is assumed the Valley City would make payment for a portion of the City's outstanding lease obligations according to the proportion of assets financed that would transfer to the Valley City upon a special reorganization.

Unfortunately, the City does not retain records that identify the location of assets financed with lease obligation bonds or certificates of participation. Therefore, for projects and equipment where the location is not obvious, assumptions must be relied on to estimate the apportionment of liability between the City of Los Angeles and the Valley City. For all equipment and real property where the City did not provide the location of the asset, it is assumed that the assets are distributed proportional to the number of employees transferred to the Valley City. The table below lists the outstanding lease obligation issues, the projects financed, and the assumed debt service apportionment to the Valley City.

**ALLOCATION OF CITY OF LOS ANGELES
LEASE OBLIGATION BONDS AND CERTIFICATES OF PARTICIPATION DEBT SERVICE**

<u>Series</u>	<u>Project</u>	<u>%</u>	
		<u>San Fernando Valley</u>	<u>Allocation Method</u>
LA Convention and Exhibition, 1990 Series	Convention Center	0%	Project location
LA Convention and Exhibition, Ref. 1993 Series A	Convention Center	0%	Project location
LA Convention and Exhibition, 1998 Series A	Staples Arena	0%	Project location
MICLA Special Tax Refunding Series 1998-C	Police ECCCS	0%	Retained by City
MICLA Special Tax Series 1999-D	Police ECCCS	0%	Retained by City
MICLA Special Tax Series Refunding 1999-E	Police ECCCS	0%	Retained by City
MICLA (Pershing Square)	Pershing Square Park	0%	Project location
MICLA 1993 Series A	Central Library	0%	Project location
MICLA 1993 Refunding Series B	Central Library	0%	Project location
MICLA Program S	Equipment/Real Property	24.90%	Employees
MICLA Program T	Piper Technical Center	0%	Project location
MICLA Program U	Equipment	24.90%	Employees
MICLA Program X	Equipment/Real Property	24.90%	Employees
MICLA Program W	Equipment	24.90%	Employees
MICLA Program H Additional	West LA parking facility	0%	Project location
MICLA Program T Additional	Real Property	24.90%	Employees
MICLA Program AA	Equipment	24.90%	Employees
MICLA Program AC	Equipment/Real Property	24.90%	Employees
MICLA Program H	Real Property	24.90%	Employees
MICLA Program H Refunding	Real Property	24.90%	Employees
MICLA Program K Refunding	Real Property/Furnishings	24.90%	Employees
MICLA Program Q Refunding	GS Radio Comm. Sys.	24.90%	Employees
MICLA Program AE	Equipment/Real Property	24.90%	Employees
MICLA Program AK	Hollywood/Highland Theater	0%	Project location
MICLA Program AL	Equipment/Capital Imp.	24.90%	Employees
MICLA Program AM	Equipment	24.90%	Employees

4. Fiscal Impact on City of Los Angeles

A special reorganization in the San Fernando Valley would result in substantial changes to the fiscal management of the City of Los Angeles. The City would lose approximately 25% of its funding, and, while no longer providing service in the Valley, would need to reorganize staffing in most of its departments, reconfigure assets that may no longer serve a smaller Los Angeles, and in some cases, re-deploy services in the remaining City to meet funding constraints. The impact of these events on the City can be assessed in innumerable ways. For the purposes of this report, the primary measurement of the fiscal impact on the City is the comparison of the current level of expenditures for services that would be assumed by the Valley City to the current level of revenues that would accrue to the Valley City.

Assessment of Revenue Neutrality

Based on the applicant's vision statement, and the assumptions used in this analysis that set forth the process of apportioning municipal services and assets, it is estimated that the City of Los Angeles would not be revenue neutral as a result of a special reorganization in the San Fernando Valley. The current revenues that would accrue to the Valley City would exceed the current expenditures that would accrue to the Valley City by \$68.4 million. If such an imbalance exists, and the City would lose more revenue than the amount of expenditures that would be transferred as a result of a special reorganization, some form of mitigation must be provided to reduce the negative fiscal impact on the City. For the purposes of developing cash flow projections in the report, it has been assumed that a mitigation payment of \$68.4 million would be made to the City.

A detailed analysis of the amount of revenue that would be generated by the residents and businesses in the San Fernando Valley and accrue to a Valley City (transferred from the City) is discussed in section "Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue." Based on this analysis, it is estimated that 30.35% of the City's General Fund revenue and 25.83% of all budgeted revenue would transfer to the Valley City upon incorporation. However, not all City revenues generated in the Valley are assumed to accrue to the Valley City upon a special reorganization. Two significant General Fund revenue sources are annual transfers from the City's power revenue fund and water revenue fund. For fiscal year 2000-01, the City budgeted \$138.2 million of revenue from these funds. Because it has been assumed in this analysis (see "Transfer of Service, Costs, Revenues, and Assets – Water and Power") that the Valley City would not likely obtain an equity share of the Department of Water and Power, the Valley City would not benefit from the allowable revenue fund transfers for General Fund purposes. Revenues attributable to the wastewater system and the City's proprietary departments are also not assumed to accrue to the Valley City.

In comparison to the 25.83% of budgeted City revenue that would transfer to the Valley City, it is estimated that the Valley City would assume responsibility for 22.66% of the City's budgeted expenditures for services, either through the direct provision of service or by contracting for the service from the City.⁷⁶ In dollars, it is projected that, based on the fiscal year 2000-01 budget, the Valley City would retain \$1,044.9 million in revenue that would otherwise be paid to the City of Los Angeles, and would assume responsibility for service expenditures of \$976.5 million.

⁷⁶ The fiscal year 2000-01 City budget provides for \$199.4 million in funding from available cash balances. The cash balances are not included in the estimation of the current revenue that would accrue to the Valley City, and therefore the percentage of revenue accrued to the Valley City is higher than the percentage of current expenditures for services that would be assumed.

5. Financial Viability of New City

To assess the financial viability of a proposed Valley City, projected expenditures for the new city have been estimated based on services expected to be assumed by the new city, service assumed to be contracted from the City, and additional start-up costs that may be incurred by the Valley City, and compared to the amount of municipal revenues that would accrue to the Valley City. Based on this projection of expenditure and revenues, it is estimated that a Valley City could achieve positive fund balances for the first three years of incorporation and maintain a reasonable level of reserves.

Services Transferred to the Valley City

The projected expenditures for the Valley City are based on the amount budgeted by the City of Los Angeles in fiscal year 2000-01 for the services transferred. The specific services that would be provided by the Valley City (as well as the rationale used to identify those services) have been described in the department-by-department analysis in this report (see "Transfer of Service, Costs, Revenues, and Assets"). Proportional estimates of salary, equipment, and other expenses have been developed from the City's budget and applied to the number of personnel estimated to be needed by the Valley City to provide the existing level of municipal services. The estimated proportion of City personnel, by department, that would transfer to the proposed Valley City is provided in Appendix II, Table E-2. Expenditures for the Valley City also include costs of contractual services for those services currently being contracted by the City, as well as costs for contracting service from the City of Los Angeles. Other estimated expenditures include those for "non-departmental" costs, such as capital appropriations, human resource benefits, pension costs, and the Valley City's payment to the City for its proportional share of debt service. Expenditures for the Valley City are presented unadjusted for inflation, or any other growth factor, for fiscal year 2002-03 through fiscal year 2005-06.

Based on the comprehensive review and analysis of City of Los Angeles services provided in section "Transfer of Service, Costs, Revenues, and Assets," it has been estimated that, using the fiscal year 2000-01 budget, the City expends \$976.5 million of its \$4,308.7 million budget on services that would be assumed by Valley City, or reimbursed to the City for contractual services, in the event of a special reorganization.

Although the applicant has proposed to take responsibility for all services provided by the City of Los Angeles in the San Fernando Valley, it may not be possible to divide services that rely on the use of large-scale infrastructure or equipment, within the study period of this report. These City services, such as utility service, radio systems, and certain computer networks utilize large-scale systems that have been designed for specific usage, and cannot be divided without undertaking a time-intensive process to redesign and construct two separate systems. Because certain functions, although directly serving the residents of the Valley, could not be expected to transfer from the City with a reasonable level of certainty or within a reasonable amount of time, an attempt has been made, as part of this initial fiscal analysis, to identify only those services that could reasonably be expected to transfer to a newly incorporated Valley City, so that the fiscal impact is based on a realistic end state.

Required Contractual Services

A distinction has been made between services currently provided by the City, for the benefit of the Valley, and those services that could actually be assumed by a Valley City upon a special reorganization. For many services performed by the City, it may be prohibitively costly or would require the consent of the state or federal government to transfer control of the service the Valley City.

Many City services require the use of large-scale communications or information technology systems, which cannot be divided. In order to provide the Valley City with such a system, or with the functionality provided by the system, two separate systems would need to be designed, constructed, and financed. In fact, a more cost-effective approach to providing the Valley City with the functionality of a given system may require the Valley City to independently design and construct its new technology systems based on its unique needs. An additional difficulty in operating many technology-intensive systems is the dearth of available personnel qualified to administer the systems. The Valley

City would likely need to contract with the City until it could develop its own strategic plan for the development and implementation of separate communications and information technology systems.

The table below summarizes those services assumed contracted from the City of Los Angeles in the event of a special reorganization.

VALLEY CITY CONTRACTUAL SERVICE FROM CITY OF LOS ANGELES		
<u>Service</u>	<u>Reason for City Retention</u>	Payment to City of Los Angeles, FY 2000-01 Budget
Controller	Support of FMIS	\$ 844,430
Environmental Affairs	LEA function	109,313
Fire	Emergency response	5,276,946
Information Technology	Support of IT environment Emergency response, radio communications, laboratory services, fleet maintenance, air support	20,175,303
Police		26,617,817
Transportation	ATSAC	1,035,442
Library	IT environment	2,124,040
Total		\$ 56,185,290

Additional detail on the computation of contractual service from the City of Los Angeles is provided on Table E-8 in Appendix II.

Additional Valley City Costs

Although the cash flow projections show the Valley City could achieve a reasonable level of reserves over its first three years of incorporation, the level of expenditures by the Valley City for its municipal services would likely increase in comparison to the current level spent by the City of Los Angeles in the Valley.

As further discussed in section "Valley City Start-Up Costs – Information Technology Systems," a minimum level of \$4.6 million has been assumed for Valley City start-up costs, resulting from activities including the segregation of the City's FMIS accounting system to allow the Valley City to independently manage its services. It must be emphasized that this amount is a minimum amount, and other unavoidable start-up costs could result. The estimated minimum is based on several assumptions used in this report, and to the extent any assumptions prove unfeasible, or the Valley applicant proposes other alternatives, start-up costs for the proposed Valley City may be greater. An upper-bound estimate for IT start-up costs alone could be as much as \$15.7 million annually.

One specific problem that could result in additional costs for the Valley City is the inability for the City's infrastructure to be shared. This initial fiscal analysis has relied upon a general assumption that much of the City's existing infrastructure could be shared without being modified, and the City would support the infrastructure on behalf of the Valley City, subject to a full reimbursement of direct and indirect costs. Some of the systems that are assumed to be shared include the 911 emergency response system, the City's payroll system, and the ATSAC street light management system. If the City must perform any modifications to the system to support such a service, the costs would be borne on the

Valley City. It is unfortunately extremely difficult to estimate the maximum liability for Valley City start-up costs, as this requires a comprehensive review of the existing environment and the development of a plan to meet the business needs of the new Valley City and remaining City of Los Angeles. It is apparent that any such review and plan would be costly, and could not be completed within the current timetable of the comprehensive fiscal analysis.

The Valley City may also incur additional costs for its elected officials (including an elected city attorney and controller), which would not likely transfer from the City, and may require additional staffing or consulting and legal services during its transition period. For the purposes of this report, it is estimated that \$3 million will be expended annually by the Valley City for its new positions (other than addition IT staff) and an additional \$1 million will be expended during the transition period for support services.

Additional Valley City Revenue

Revenue from the State Motor Vehicle License Fee and Gas Tax would be available to the proposed Valley City upon the effective date of the incorporation, which is assumed to be November 5, 2002, for the purposes of this analysis. These revenues are allocated to cities in the state according to population. However, in estimating the population of a newly incorporated city, the State Controller must use the greater of the population computed by the Department of Finance, or three times the number of registered voters in new city.⁷⁷ As of March 1999, the Valley had 527,084 registered voters. This results in a population estimate of 1,581,252 for purposes of allocating the state vehicle license fee revenue and state gas taxes, which is greater than the 1,329,321 City Planning Department estimate of San Fernando Valley population for 1998.

As shown in the table below, using these population estimates and the City's fiscal year 2000-01 budget estimate of the statewide vehicle license fee allocation to cities, it is estimated that the Valley City would receive \$80.41 million in vehicle license fee revenue. When added to the estimated share that would be allocated to the City after the proposed special reorganization, the total revenue for the region would increase by \$10.8 million. The increase in vehicle license fee revenue would accrue entirely to the Valley City general fund and would not be part of the computation of revenue neutrality.

⁷⁷ Section 11005.3(b).

**ADJUSTED STATE MOTOR VEHICLE LICENSE FEE
ALLOCATION
(Dollars in Millions)**

	2000-01 City <u>Budget</u>	2000-01 Adjusted for Valley <u>Allocation</u>
Cities' Share *	\$ 1,418.67	\$ 1,418.68
City of Los Angeles population	3,781,545	2,446,281
Valley City estimated population **	-	1,581,252
All other cities	23,869,745	23,869,745
Total cities population ***	27,651,290	27,897,278
City of Los Angeles share (%)	13.7%	8.8%
Valley City share (%)	0.0%	5.7%
City of Los Angeles share (\$)	\$ 194.01	\$ 124.40
Valley City share (\$)	\$ -	\$ 80.41
Total Los Angeles/Valley share (\$)	\$ 194.01	\$ 204.81

* Source: "CAO Estimate" from City of Los Angeles, Revenue Outlook, Supplement to the 2000-01 Proposed Budget, April 2000, p. 31

** For purposes of computing VLF allocation. Based on number of registered voters as of March 1999.

*** Source: California State Controller, "State of California Shared Revenue Estimates, Fiscal Year 2000-2001."

Similar to the allocation of vehicle license fee revenue, state gas taxes apportioned to cities under Sections 2105, 2106, and 2107 of the Streets and Highways Code would be allocated to the Valley based on population as estimated by the number of registered voters. This allocation method would result in an estimated additional \$2.6 million in gas tax revenue that would accrue entirely to the Valley City.

Financial Assessment of New City

Under the assumptions described in this report, it is estimated that the Valley City could generate revenues in excess of its expenditures and provide for a reasonable reserve during the first full three years of incorporation. Although a proposed Valley City would assume responsibility for most municipal services provided by the City in the Valley, and may be required to transfer revenues back to the City to mitigate any negative fiscal impacts of a special reorganization, a newly incorporated Valley City may receive revenues in excess of the amount currently received by the City.

A newly incorporated Valley City could receive an estimated \$900,000 per month (\$10.8 million per year) from state motor vehicle license fees and \$2.6 million in gas taxes that would be in addition to the amount currently received by the City. This additional revenue may be excluded from the computation of any mitigation payment needed to reduce the negative fiscal impact of a special reorganization, and could be used by the Valley City as a set aside for a reserve, or could be used to fund additional costs.⁷⁸

⁷⁸ The expenditure of state gas tax revenue is restricted to specified street improvement-related uses. However, the Valley City may be able to offset general fund-supported street improvement expenditures by the estimated \$2.6 million in additional gas tax revenue.

The development of a reserve for a proposed Valley City could be facilitated by allowing for a transition period whereby the Valley City would be eligible for additional state revenue, but would rely on the City of Los Angeles to provide all the municipal services currently provided in the Valley. The City would be able to fund its expenditures in the Valley during such a transition period by retaining all current municipal revenues, except for any additional funding available from the state. During any transition period, the Valley City would likely require only a minimum level of staffing, and may be able to limit its expenditures to a level less than its revenues, allowing for the creation of cash balances.

Upon a full transition of service, it is assumed the Valley City would accrue its proportional share of revenue and expenditures from the City of Los Angeles, and provide the City a mitigation payment equal to the difference between the revenue and expenditures transferred from the City. The Valley City would continue to accrue an estimated \$10.8 million annual amount of motor vehicle license fees in excess of the amount transferred from the City.

The Valley City could also incur additional start-up costs that are not currently expended by the City. It has been estimated in this report that, at a minimum, start-up costs of \$4.6 million annually could be experienced by a new Valley City (\$3.6 million in payments to the City, plus \$1 million for internal Valley City IT costs). If certain assumptions regarding the ability to share the City's existing infrastructure prove to be unfeasible, Valley start-up costs could be as high as \$15.7 million annually for the transition of the City's IT environment alone.

The Valley City would also experience additional costs for newly created positions in the new city, such as a new mayor and council members, and would likely require the hiring of short-term administrative, financial, legal, and technical support during its transition period. It has been estimated in this report that the cost for additional staffing would be \$3 million annually, and an additional \$1 million would be expended for support during the new city's transition period. However, the estimated additional personnel assumed to be required by the new city does not include department managers. It has been assumed in this report that all department managers for the proposed Valley City would come from the pool of City staff transferred. To the extent the Valley City is required to hire managers from outside the pool of current City employees, or is not able to offset the cost of any additional managers through other cost reductions, the Valley City would incur additive costs.

The Valley City may also experience additional leasing cost for office space in the Valley, given that many of the City positions currently located in the Civic Center would be transferred to the Valley City and may need to be located in the Valley. If the transfer in staff from the Civic Center does not result in a concomitant transfer of lease costs from the City, the Valley City would incur additive lease costs. It has been assumed for the purposes of this report that no additive lease costs would be experienced.

For comparison purposes, the following table shows the projected Valley City budget, unadjusted for inflation or potential growth in revenue, for fiscal year 2002-03 through 2005-06. The projections in the table assume the effective date of the Valley City incorporation would be November 5, 2002, with a full transition of service beginning July 1, 2003. During the "transition year" it is assumed the Valley City will incur costs of \$2.1 for payments to the City for the costs of transitioning certain components of the IT environment, \$1.5 million for its elected officials, and \$1 million for staffing and consulting costs associated with its transition team.⁷⁹

⁷⁹ For planning purposes, the cash flow projections do not project inflation or future changes in annual revenue. To the extent growth in future expenditures exceeds the growth in future revenues, the level of projected reserves would change.

**VALLEY CITY PROJECTED BUDGET
FISCAL YEAR 2002-03 THROUGH 2005-06
(Unadjusted for Inflation)**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Revenue:				
General Fund	6,300,000	900,971,183	900,971,183	900,971,183
Special Purpose Fund	1,489,250	157,267,464	157,267,464	157,267,464
Total Revenue:	7,789,250	1,058,238,646	1,058,238,646	1,058,238,646
Expenditures:				
Direct Municipal Services	1,000,000	921,349,645	921,349,645	921,349,645
City of Los Angeles Contracted Service		56,183,291	56,183,291	56,183,291
IT Transition Costs	2,100,000	3,600,000	3,600,000	3,600,000
Additional Personnel	1,452,938	3,050,136	3,050,136	3,050,136
Mitigation Payment		68,352,711	68,352,711	68,352,711
Total Direct Expenditures	4,552,938	1,052,535,782	1,052,535,782	1,052,535,782
Available Balance	3,236,313	8,939,176	14,642,040	20,344,904

For the purposes of the initial fiscal analysis, no assumptions have been made regarding future staffing levels, revenue growth rates, inflation, or potential future state and federal mandates. It is expected that upon the completion of the applicant's final proposal, assumptions regarding future conditions will be incorporated into the final comprehensive analysis to provide alternatives for LAFCO. Furthermore, the projected expenditures of the Valley City are not adjusted to reflect reductions in annual debt service requirements on currently outstanding City lease and judgment obligation bonds. Although several series of bonds are expected to mature over the next five years, which would reduce the amount of expenditures transferred to the Valley City, the City of Los Angeles may issue additional debt prior to the incorporation of the proposed Valley City that may increase the proportional share of liability.

As stated above, the additional Valley City start-up costs assumed in the projected budget cash flows are a minimum level of costs and could be substantially higher. In the event start-up costs exceed the \$10.8 million in additional Valley City revenue, projected fund balances would not be positive.

This does not mean a proposed Valley City would be financially unviable. Depending on the magnitude of any deficit, the Valley City could implement revenue enhancements, cost savings initiatives, or service reductions that could work to close the gap between projected revenue and expenditures. Unlike many city incorporations in newly-developed areas of the state that may be dependent on growth or new development, a newly incorporated city in the San Fernando Valley would have access to a strong and diverse tax base, which would likely provide a reasonably steady stream of revenues for the proposed new city (in the absence of a severe economic downturn). In the event estimated Valley City start-up costs exceed projected revenue, the Valley applicant may need to provide proposed budgetary adjustments for the Valley City as part of its final proposal and the final comprehensive fiscal analysis.

Appendix I: Transferred Municipal Facilities

TABLE F-1
CITY-OWNED MUNICIPAL FACILITIES
ASSUMED TRANSFERRED TO VALLEY CITY

<u>Description</u>	<u>Address</u>	<u>Zip</u>	<u>Sq. Footage</u>
East Valley Animal Shelter	13131 Sherman Way	91605	n.a.
West Valley Animal Shelter	20655 Plummer St.	91311	2,791.20
West Valley Animal Shelter	20655 Plummer St.	91311	14,993.44
West Valley Animal Shelter	20655 Plummer St.	91311	3,664.93
Van Nuys Municipal Building - BAS	14425 Erwin Street	91401	17,656.99
Sunland-Tujunga Municipal Bldg Room #2	7747 Foothill Blvd.	91042	9,317.54
Canoga Park Youth Art Center	7222 Remmet Ave.	91303	3,500.00
Lankershim Arts Center	5108 Lankershim Bl.	91601	5,672.18
Madrid Theatre	21622 Sherman Way	91303	15,197.17
McGroarty Arts Center	7570 McGroarty Ter.	91042	5,527.09
Sun Valley Youth Arts Center	8672 Sunland Blvd.	91352	n.a.
Van Nuys Municipal Building - Finance	14401 Erwin St	91401	6,014.39
Fire Station #8	11351 Tampa Ave	91326	6,037.22
Fire Station #18	12050 Balboa Blvd	91344	4,390.20
Fire Station #24	9411 Wentworth St	91040	4,531.05
New Fire Station #28	11641 Corbin Ave	91326	n.a.
Fire Station #39	14415 Sylvan St	91401	14,180.23
Fire Station #60	5320 Tujunga Ave	91601	17,250.08
Fire Station #70	9861 Reseda Blvd	91324	12,947.83
Fire Station #72	6811 DeSoto Ave	91303	11,931.92
Fire Station #73	7419 Reseda Blvd	91335	5,758.98
Fire Station #74	7777 Foothill Blvd	91402	6,675.36
Fire Station #75	15345 San Fernando Mission Rd	91345	6,481.30
Fire Station #76	3111 Cahuenga Bl	90068	3,611.48
Fire Station #77	8943 Glenoaks Blvd	91352	4,807.09
Fire Station #78	4320 Coldwater Cyn. Ave	91604	4,175.07
Fire Station #81	14123 Nordhoff St.	91331	2,261.09
Fire Station #83	5001 Balboa Blvd	91316	5,283.19
Fire Station #84	5340 Canoga Ave	91364	2,336.11
Fire Station #86	4305 Vineland Ave	91602	5,684.46
Fire Station #87	10241 Balboa Blvd	91343	4,446.11
Fire Station #88	5101 N. Sepulveda Blvd	91403	12,533.33
Fire Station #89	7063 Laurel Cyn. Blvd	91605	4,742.33
Fire Station #90	7921 Woodley Ave	91406	11,054.61
Fire Station #91	14430 Polk St	91342	4,544.46
Fire Station #93	19059 Ventura Blvd	91356	8,080.28
Fire Station #96	21800 Marilla St	91311	6,664.68
Fire Station #97	8021 Mulholland Dr	90046	4,358.44
Fire Station #98	13035 Van Nuys Blvd	91331	11,636.15
Fire Station #99	14145 Mulholland Dr	91423	9,631.48
Fire Station #100	6751 Louise Ave	91406	7,331.22
Fire Station #102	13200 Burbank Blvd	91401	5,973.29
Fire Station #103	18143 Parthenia St	91325	5,740.09
Fire Station #104	8349 Winnetka Ave	91306	6,730.13
Fire Station #105	6345 Fallbrook Ave	91367	5,986.50
Fire Station #106	23004 Roscoe Blvd	91304	5,214.60
Fire Station #107	20225 Devonshire St	91311	5,803.07
North Hollywood Repair Facility	12201 Sherman Way	91605	59,022.34
North Hollywood Regional Library	5211 Tujunga Avenue	91601	12,222.51
Pacoima Library	13605 Van Nuys Boulevard	91331	5,771.55
Panorama City Library	14345 Roscoe Blvd.	91402	5,758.81
Sherman Oaks Library	14245 Moorpark Street	91423	6,465.81
Studio City Library	4400 Babcock Avenue	91604	11,500.00
Sun Valley Library	7935 Vineland Avenue	91352	5,385.70
Sunland - Tujunga Library	7771 Foothill Boulevard	91042	10,539.93
Sylmar Library	13059 Glenoaks Boulevard	91342	6,130.63
Valley Plaza Library	12311 Vanowen St.	91605	5,608.05
Van Nuys Library	6250 Sylmar Avenue	91401	11,674.08
Canoga Park Library	7260 Owensmouth Avenue	91303	6,480.55
Chatsworth Library	21052 Devonshire Street	91311	5,690.18
Encino - Tarzana Library	18231 Ventura Boulevard	91356	5,346.85
Granada Hills Library	10640 Petit Avenue	91344	11,021.18
Mid Valley Regional and Bookmobile	16244 Nordhoff Street	91343	25,418.26

TABLE F-1
CITY-OWNED MUNICIPAL FACILITIES
ASSUMED TRANSFERRED TO VALLEY CITY

<u>Description</u>	<u>Address</u>	<u>Zip</u>	<u>Sq. Footage</u>
Northridge Library	9051 Darby Avenue	91330	6,204.78
Porter Ranch Library	11371 Tampa Avenue	91326	12,021.67
West Valley Regional Library	19036 Vanowen Street	91335	10,616.93
Woodland Hills Library	22200 Ventura Boulevard	91364	6,232.05
Training facility	12001 Blucher Avenue	91344	97,077.57
Van Nuys Police Station	6240 Sylmar Ave	91401	72,904.64
Devonshire Police Station	10250 Etiwnada Ave	91325	32,549.65
Foothill Police Station	12760 Osborne St	91331	26,119.29
North Hollywood Police Station	11640 Burbank Blvd	91601	68,488.09
West Valley Police Station	19020 Vanowen St	91335	33,819.81
East Valley Refuse Collection Yard	9701 San Fernando Rd.	91335	8,348.24
West Valley Refuse Collection Yard	8840 Vanalden Ave.	91335	4,073.58
West Valley	8840 Vanalden Ave.	91335	1,711.13
N Hollywood-Studio City Street Maintenance	10811 Chandler Boulevard	91601	n.a.
Reseda/Woodland Hills Street Maintenance	6015 Baird Ave.	91356	n.a.
Canoga Park Dist. Street Maintenance Yard	7453 Canoga Ave.	91304	325.97
Canoga Park Dist. Street Maintenance Yard	7453 Canoga Ave.	91304	2,852.23
Northridge-Street Maintenance Yard	8820 Vanalden Ave.	91324	n.a.
Sunland/Tujunga - Office Building	9401 Wentworth St.	91040	317.52
Sunland/Tujunga - Gas Building	9401 Wentworth St.	91040	470.91
Sunland/Tujunga - Garage Building	9401 Wentworth St.	91040	3,225.84
Granada Hills-Street Maintenance Yard	10210 Etiwanda Ave.	91325	10,766.38
CVCS	12225 Sherman Way	91605	18,535.00
Asphalt Plant #2	12251 Sherman Way	91605	n.a.
Paxton Park & Recreation Ctr.	10731 Laurel Canyon Blvd	91331	n.a.
Tenant: Recreation and Parks	14740 Blythe St.	91402	n.a.
Parking Enforcement Valley Area	12544 Saticoy St.	91605	19,812.93
Reseda Parking Facility, #624	7222 Baird Ave.	91335	3,500.00
Reseda Parking Facility, #622	7131 Canby Ave.	91335	n.a.
Reseda Parking Facility, #621	7120 Baird Ave.	91335	n.a.
North Hollywood Parking Facility, #627	11231 Magnolia Blvd.	91601	n.a.
Canoga Park Parking Facility, #674	7218 Jordan Ave.	91303	n.a.
Canoga Park Parking Facility, #618	7134 Remmet Ave.	91303	n.a.
Van Nuys Parking Facility, #630	14517 Erwin Ave.	91401	n.a.
Parking Lot #630A	14444 Sylvan Ave.	91401	n.a.
Canoga Park Parking Facility, #644	7219 Remmet Ave.	91303	n.a.
Reseda Parking Facility, #640	7130 Darby Ave.	91335	n.a.
Canoga Park Parking Facility, #687	7141 Remmet Ave.	91303	n.a.
North Hollywood Parking Facility	11320 Chandler Blvd.	91601	n.a.
Off Street Parking, #712	7246 Baird Ave.	91335	n.a.
Off Street Parking, #704	7128 Jordan Ave.	91303	n.a.
Lot 725	7117 Remmet St.	91303	n.a.
West Valley Municipal Bldg	19040 Vanowen Street	91335	15,620.55
Raymer Street Yard	14832 Raymer Street	91405	10,658.57
Van Nuys Municipal Building	14410 Sylvan Street	91401	55,261.06

TABLE F-2
DEPARTMENT OF RECREATION AND PARKS
PARK-BASED AND SELECT OTHER FACILITIES LOCATED IN THE VALLEY

<u>Description</u>	<u>Address</u>	<u>Zip</u>	<u>Sq. Footage</u>
Aliso Canyon Park	Rinaldi St.	91326	3,005,640
Alizondo Drive Park	Mulholland and Alizondo	91364	289,674
Andres Pico Adobe	10940 Sepulveda Blvd.	91345	92,783
Balboa Park	17015 Burbank Blvd	91316	1,742,400
Bee Canyon Park	13150 Sesnon Blvd.	91344	956,578
Beilenson Park	17015 Burbank Blvd	91316	3,484,800
Bell Canyon Park	North of Westhills R.C.	91307	8,361,778
Blythe St. Park	14740 Blythe St.	91402	12,197
Mae Boyar Recreation Center	23936 Highlander Rd	91307	101,059
Brand Park	15174 San Fernando Mission Rd.	91345	827,640
Branford Recreation Center	13(310) Branford Street	91331	592,416
Browns Creek Park	Browns Canyon Rd.	91311	2,308,680
Campo de Cahuenga	3912 Lankershim Blvd.	91604	18,731
Canoga Park Sr. Citizen Center	7326 Jordan Ave.	91303	33,541
Carey Ranch	Edgecliff and Osceola St.	91342	1,041,520
Castle Peak Park	24220 1/2 Clarington	91304	134,165
Chase Park	22525 Chase St.	91304	259,618
Chatsworth Oaks Park	9301 Valley Circle Blvd.	91311	217,800
Chatsworth Park North	22300 Chatsworth St.	91311	1,078,110
Chatsworth Park South	22360 Devonshire Street	91311	3,545,784
Chatsworth Reservoir	Lake Manor Dr. and Woolsey Canyon Rd.	91311	6,795,360
Cleveland High School Pool	8120 Vanalden Ave	91335	60,548
Cohasset-Melba Park	Cohasset St and Melba Av	91307	87,120
Coldwater Canyon Park	12601 Mulholland Dr.	90210	1,938,420
Corbin Canyon Park Site			1,764,180
De Garmo Park	Arminta St. and Golden State FWY.	90028	71,874
Dearborn Park	17141 Nordhoff St.	91325	397,267
Delano Park	15100 Erwin St.	91606	194,713
Devonshire / Arleta Park	Arleta Ave. and Devonshire St.	91331	45,738
Devonwood Park	10230 Woodman Ave.	91345	212,573
Eddleston Park	11820 Reseda Blvd.	91335	274,864
El Paseo Cahuenga Park	3300 Cahuenga Blvd.	90068	56,192
Encino Community Center	4935 Balboa Blvd.	91316	54,450
Encino Park	16953 Venture Blvd.	91316	179,032
Erwin Park	Erwin St. and Ethel Ave.	91401	249,163
Fehlhaber-Houk Park	9521 Tujunga Canyon Blvd.	91042	52,272
Fernangeles Recreation Center	8851 Laurel Canyon	91352	435,600
Finn (Howard) Park	Foothill Blvd. / Machrea Street	91042	87,120
Granada Hills Recreation Center	16730 Chatworth Street	91344	810,216
Haines Canyon Park	South Terminus Haines Canyon Ave..	91042	1,524,600
Hansen Dam	11770 Foothill Blvd.	91342	63,245,635
Hartland Mini Park	Hartland / Woodman	91405	5,227
Hjelte Sports Center	Burbank and Woodley Ave.	91411	348,480
Humphrey (Hubert H.) Mem. Park	12560 Fillmore St.	90046	414,691
Jensen Filtration Plant	Balboa and Woodley Ave.	91344	19,461,737
Jessie Owens Mini-Park	7100 White Oak	91335	75,794
Jessup (Roger) Park	12467 W. Osborne	91331	209,959
Kagel Canyon Park	11435 Kagel Canyon St.	91342	152,460
Kittridge Mini-Park	Kittridge / Greenbush.	91401	5,227
Knapp Ranch Park	25000 Kittridge	91307	3,062,268
Knapp Ranch Park West	Wooded Vista and Twisted Oak Drive	91307	544,500
Lake View Terrace Recreation Center	11075 Foothill Blvd	91342	486,565
Lanark Recreation Center	21816 Lanark Street	91304	835,916
Laurel Canyon Park	8260 Mulholland Dr.	90046	871,200
Lazy J. Ranch Park	23751 Ingomar St.	91304	367,646
Libbit Park	5101 Libbit Ave.	91436	461,736
Limekiln Park	10300 Limekiln Canyon Rd.	91326	5,793,480
Little Landers Park	10116 Commerce Ave.	91042	50,530
Louise Park	7140 Louise Ave.	91406	292,723
Mason Park	10500 Mason Ave.	91311	871,200
McGroarty Park & Recreation Center	7570 McGroarty Ter	91042	703,930
Mid-Valley Sr. Citizen Center	14450 Valerio Street	91406	3,920
Moonshine Canyon Park	West of Tampa Ave. and South of Sesnon	91326	1,568,160

TABLE F-2
DEPARTMENT OF RECREATION AND PARKS
PARK-BASED AND SELECT OTHER FACILITIES LOCATED IN THE VALLEY

<u>Description</u>	<u>Address</u>	<u>Zip</u>	<u>Sq. Footage</u>
Moorpark Park	12061 Moorpark St.	91607	87,120
Northeast Valley Multipurpose Senior Center	11300 Glenoaks Bl.	91331	87,120
North Hollywood Administration and Service Center	11430 Chandler Blvd.	91601	87,120
North Hollywood Recreation Center	11430 Chandler Blvd.	91601	2,146,637
Northridge Community Center	18300 Lemarsh Street	91324	1,425,719
O'Melveny Park	17300 Sesnon Blvd.	91344	30,252,420
Orcutt Ranch Horticulture Center	23600 Roscoe Blvd.	91304	1,045,440
Pacoima/David M. Gonzales	10943 Herrick Ave	91331	296,208
Panorama Recreation Center	8600 Hazeltine Ave	91402	261,360
Parthenia Park	21444 Parthenia St.	91304	60,984
Pasko Park	7570 McGroarty Ter	91042	43,996
Porter Ranch	Vicinity of Sesnon and Reseda	91326	3,017,401
Porter Ridge Park	Vicinity of Sesnon and Reseda	91326	457,380
Quimby (John) Park	7008 Desoto Ave.	91303	186,001
Reseda Recreation Center	18411 Victory Blvd	91335	1,492,801
Reseda Senior Multipurpose Center	18411 Victory Blvd	91335	87,120
Ritchie Valens Recreation Center	10731 Laurel Canyon Blvd	91331	1,064,606
Roscoe/Valley Circle Park	Valley Circle Roscoe Blvd.	91307	1,960,200
Runnymede Park and Recreation Center	20200 Runnymede St.	91306	1,307
Sepulveda Basin Recreation Area	Woodley Ave. and Victory Blvd.	91411	59,335,690
Sepulveda Recreation Center	8801 Kester Ave	91405	462,607
Serrania Ave Park	20864 Wells Dr.	91364	1,611,720
Shadow Ranch	22633 Vanowen Street	91304	543,629
Sherman Oaks Castle Park	Woodley Ave. and Victory Blvd.	91411	435,600
Slavin (Jaime Beth) Park	Strathern and Whitsett (South)	91352	196,020
Stetson Ranch Park	13877 Glenoaks Blvd.	91342	1,257,142
Stonehurst Recreation Center	9901 Dronfield Street	91352	653,400
Stoney Point Park	Topanga Canyon / Simi Valley	91311	3,394,631
Strathern Park North	Strathern and Whitsett	91605	375,487
Strathern Park West	12541 Saticoy	91605	553,212
Studio City Mini Park	12505 Moorpark St. at Whitsett Ave.	91604	7,405
Studio City Recreation Center	12621 Rye Street	91604	428,630
Sun Valley Recreation Center	8133 Vineland Ave	91252	758,380
Sunland Recreation Center	8651 Foothill Blvd	91040	716,562
Sunland Sr. Citizen Center	8640 Fenwick Ave	91040	-
Sylmar Park	13109 Borden Ave.	91342	855,954
Taper Intergenerational Center	Woodley Ave. and Victory Blvd.	91411	653,400
Tarzana Recreation Center	5655 Vanalden Ave	91356	270,072
Taxco Trails Park	23367 Ingomar St.	91304	110,642
Tujunga Greenbelt & Pedestrian Bridge		91042	479,160
Tujunga Infiltration Galleries		91042	2,221,560
Valley Plaza Recreation Center	12240 Archwood St	91605	3,110,620
Valley Therapeutic Recreation Center	11430 Chandler Blvd.	91601	-
Valley Village Park	170 FWY and Burbank/Chandler	91601	304,920
Van Norman Lakes Reservoir	Balboa and Woodley Ave.	91344	701,316
Van Nuys Recreation Center	14301 Vanowen St.	91405	170,755
Van Nuys/Sherman Oaks Park	14201 Huston St.	91423	2,942,042
Van Nuys-Sherman Oaks Sr. Citizen Center	5040 Van Nuys Blvd.	91423	61,855
Verdugo Hills Swimming Pool	10654 Irma Ave	91042	30,056
Verdugo Mountain Park	East of Sunland, South of La Tuna Canyon Rd	90028	14,810,400
Victory/Vineland Park	11100 Victory Blvd.	91505	283,140
Viking Park	Viking and Nau	91326	435,600
Villa Cabrini Park	9401 Villa Cabrini Drive West	91504	435,600
Warner Ranch Park	5800 Topanga Canyon Blvd.	91367	871,200
Weddington Park (North)	10844 Acama Dr..	91602	500,940
Weddington Park (South)	10800 Valley Heart Drive.	91602	531,432
West Valley Park	6731 Wilbur Ave.	91335	365,033
West Hills Recreation Center	Valley Circle Blvd.	91307	608,969
Wilacre Park	ADJ Coldwater Canyon Park.	90210	5,227,200
Wilbur-Tampa Park	12001 Wilbur Ave.	91326	370,260
Wilkinson Multi-Purpose Sr. Citizen Center	8956 Vanalden Ave	91324	473,497
Winnetka Recreation Center	8401 Winnetka Ave	91306	745,312
Woodbridge Park	11240 Moorpark St.	91602	196,020

TABLE F-2
DEPARTMENT OF RECREATION AND PARKS
PARK-BASED AND SELECT OTHER FACILITIES LOCATED IN THE VALLEY

<u>Description</u>	<u>Address</u>	<u>Zip</u>	<u>Sq. Footage</u>
Woodland Hills Recreation Center	5858 Shoup Ave	91367	854,647
Woodley Ave Park	6350 Woodley Ave.	91436	2,025,540
Zelzah Park	11690 Zelzah Ave.	91344	424,274

Appendix II: Allocation of FY00-01 Budget

The following tables represent the proportional allocation of each of the City's appropriations in the fiscal year 2000-01 budget, as shown in the "Exhibit A, Summary of Appropriations," for purposes of estimating the amount of current expenditures that would accrue to the proposed Valley City. Also included is a detailed allocation of the City's "Other Special Purpose Funds Appropriations" and the estimated reimbursement requirement for contractual services from the City.

TABLE E-1
SAN FERNANDO VALLEY APPROPRIATIONS BY CLASS (OBJECT)
FY 2000-01 BUDGET

Class	2000-01 Budget	% San Fernando Valley Allocation	\$ San Fernando Valley Allocation
Salaries	1,954,830,285	25.38%	496,064,577
Expense	348,782,555	24.22%	84,477,625
Equipment	15,354,660	24.63%	3,782,187
Special	1,989,770,998	16.89%	336,025,256
Subtotal, Appropriations	\$ 4,308,738,498		\$ 920,349,645
Contractual Service			56,183,291
Total			\$ 976,532,936

TABLE E-2
SAN FERNANDO VALLEY AREA SPECIAL REORGANIZATION
STAFFING ANALYSIS

<u>Description</u>	<u>2000-01 Budgeted Positions</u>	<u>Commission Positions / Citizen Board Members</u>	<u>2000-01 Budgeted Positions*</u>	<u>San Fernando Valley Allocation</u>	<u>% San Fernando Valley Allocation</u>
Administrative and Research Services	118	-	118	30	25.42%
Aging	48	-	48	13	27.08%
Animal Services	247	5	242	87	35.95%
Board of Public Works	63	5	58	13	22.41%
Building & Safety	829	10	819	313	38.22%
Bureau of Accounting	84	-	84	17	20.24%
Bureau of Contract Administration	331	-	331	91	27.49%
Bureau of Engineering	976	-	976	202	20.70%
Bureau of Management-Employee Services	24	-	24	5	20.83%
Bureau of Sanitation	2,421	-	2,421	436	18.01%
Bureau of Street Lighting	213	-	213	52	24.41%
Bureau of Street Services	1,241	-	1,241	442	35.62%
City Attorney	826	-	826	219	26.51%
City Clerk	126	-	126	43	34.13%
Commission for Children, Youth & Their Families	41	15	26	7	26.92%
Commission on the Status of Women	12	7	5	2	40.00%
Community Development	274	-	274	70	25.55%
Controller	171	-	171	36	21.05%
Council	108	15	93	33	35.48%
Cultural Affairs	91	12	79	15	18.99%
Department on Disability	26	9	17	4	23.53%
Emergency Preparedness Department	11	-	11	2	18.18%
Employee Relations Board	8	5	3	1	33.33%
Environmental Affairs	42	5	37	6	16.22%
Ethics Commission	27	5	22	6	27.27%
Finance	344	-	344	121	35.17%
Fire	3,496	10	3,486	1,078	30.92%
General Services	1,673	-	1,673	407	24.33%
Human Relations Commission	26	11	15	5	33.33%
Information Technology Agency	745	-	745	-	0.00%
Los Angeles Convention Center	198	-	198	-	0.00%
Los Angeles Housing Department	377	-	377	113	29.97%
Mayor	74	-	74	26	35.14%
Neighborhood Empowerment	32	-	32	10	31.25%
Personnel	372	5	367	95	25.89%
Planning	306	49	257	84	32.68%
Police	13,650	5	13,645	3,374	24.73%
Transportation	1,472	12	1,460	320	21.92%
Treasurer	-	-	-	-	0.00%
Zoo	231	-	231	-	0.00%
Total Budgetary Departments	31,354		31,169	7,778	
Appropriations to El Pueblo de Los Angeles	59	-	59	-	0.00%
Appropriations to Library Fund	1,102	5	1,097	285	25.98%
Appropriations to Recreation and Parks Fund	1,884	5	1,879	501	26.66%
Appropriations to City Employees' Retirement Fund	138	7	131	-	0.00%
Appropriations to Fire & Police Pension Fund	70	9	61	-	0.00%
Total Other Departments	3,253		3,227	786	
Total Departmental	34,607		34,396	8,564	24.90%

* Regular positions only; excludes commissioners and citizen board members.

TABLE E-3
SAN FERNANDO VALLEY ALLOCATION OF SALARY CLASS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Description</u>	<u>2000-01 Budget</u>	%	\$
		San Fernando Valley <u>Allocation</u>	San Fernando Valley <u>Allocation</u>
Administrative and Research Services	9,039,889	25.42%	2,298,277
Aging	2,698,072	27.08%	730,728
Animal Services	10,866,184	35.95%	3,906,438
Board of Public Works	3,745,133	22.41%	839,426
Building & Safety	50,388,645	38.22%	19,257,199
Bureau of Accounting	3,956,809	20.24%	800,783
Bureau of Contract Administration	22,118,303	27.49%	6,080,863
Bureau of Engineering	64,215,249	20.70%	13,290,451
Bureau of Management-Employee Services	1,492,418	20.83%	310,920
Bureau of Sanitation	133,937,170	18.01%	24,120,862
Bureau of Street Lighting	11,562,072	24.41%	2,822,665
Bureau of Street Services	68,092,628	35.62%	24,252,169
City Attorney	63,850,621	26.51%	16,928,918
City Clerk	10,745,792	34.13%	3,667,215
Commission for Children, Youth & Their Families	1,333,817	26.92%	359,105
Commission on the Status of Women	358,404	40.00%	143,362
Community Development	16,984,089	25.55%	4,339,001
Controller	10,070,408	21.05%	2,120,086
Council	16,705,773	35.48%	5,927,855
Cultural Affairs	4,370,402	18.99%	829,823
Department on Disability	981,135	23.53%	230,855
Emergency Preparedness Department	1,009,894	18.18%	183,617
Employee Relations Board	269,095	33.33%	89,698
Environmental Affairs	2,471,178	16.22%	400,732
Ethics Commission	1,351,636	27.27%	368,628
Finance	17,355,954	35.17%	6,104,856
Fire	327,699,868	30.92%	101,336,907
General Services	84,391,569	24.33%	20,530,406
Human Relations Commission	809,110	33.33%	269,703
Information Technology Agency	47,353,979	0.00%	-
Los Angeles Convention Center	13,214,099	0.00%	-
Los Angeles Housing Department	20,723,330	29.97%	6,211,502
Mayor	6,513,197	35.14%	2,288,421
Neighborhood Empowerment	1,257,379	31.25%	392,931
Personnel	22,634,595	25.89%	5,859,091
Planning	16,810,232	32.68%	5,494,395
Police	790,388,431	24.73%	195,439,397
Transportation	81,382,654	21.92%	17,837,294
Treasurer	-	0.00%	-
Zoo	11,681,072	0.00%	-
Total Budgetary Departments	\$ 1,954,830,285		\$ 496,064,577

TABLE E-4
SAN FERNANDO VALLEY ALLOCATION OF EXPENSE CLASS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Description</u>	<u>2000-01 Budget</u>	%	\$
		San Fernando Valley <u>Allocation</u>	San Fernando Valley <u>Allocation</u>
Administrative and Research Services	973,047	25.42%	247,385
Aging	186,359	27.08%	50,472
Animal Services	1,292,489	35.95%	464,655
Board of Public Works	4,010,442	22.41%	898,892
Building & Safety	3,333,324	38.22%	1,273,908
Bureau of Accounting	114,140	20.24%	23,100
Bureau of Contract Administration	1,159,224	27.49%	318,699
Bureau of Engineering	4,513,997	20.70%	934,249
Bureau of Management-Employee Services	90,797	20.83%	18,916
Bureau of Sanitation	46,294,812	18.01%	8,337,273
Bureau of Street Lighting	727,602	24.41%	177,631
Bureau of Street Services	62,654,669	35.62%	22,315,362
City Attorney	6,009,018	26.51%	1,593,190
City Clerk	3,894,225	34.13%	1,328,982
Commission for Children, Youth & Their Families	336,883	26.92%	90,699
Commission on the Status of Women	92,706	40.00%	37,082
Community Development	1,571,393	25.55%	401,451
Controller	1,253,052	21.05%	263,800
Council	1,425,339	35.48%	505,765
Cultural Affairs	1,187,235	18.99%	225,424
Department on Disability	221,805	23.53%	52,189
Emergency Preparedness Department	35,018	18.18%	6,367
Employee Relations Board	70,000	33.33%	23,333
Environmental Affairs	264,402	16.22%	42,876
Ethics Commission	364,185	27.27%	99,323
Finance	1,207,076	35.17%	424,582
Fire	16,158,356	30.92%	4,996,761
General Services	77,105,626	24.33%	18,757,914
Human Relations Commission	283,570	33.33%	94,523
Information Technology Agency	17,639,907	0.00%	-
Los Angeles Convention Center	8,847,914	0.00%	-
Los Angeles Housing Department	3,877,446	29.97%	1,162,205
Mayor	565,576	35.14%	198,716
Neighborhood Empowerment	386,700	31.25%	120,844
Personnel	17,672,662	25.89%	4,574,667
Planning	1,918,559	32.68%	627,078
Police	36,076,908	24.73%	8,920,739
Transportation	22,212,857	21.92%	4,868,571
Treasurer	-	0.00%	-
Zoo	2,753,235	0.00%	-
Total Budgetary Departments	\$ 348,782,555		\$ 84,477,625

TABLE E-5
SAN FERNANDO VALLEY ALLOCATION OF EQUIPMENT CLASS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Description</u>	<u>2000-01 Budget</u>	%	\$
		San Fernando Valley <u>Allocation</u>	San Fernando Valley <u>Allocation</u>
Administrative and Research Services	47,331	25.42%	12,033
Aging	-	27.08%	-
Animal Services	117,680	35.95%	42,306
Board of Public Works	41,900	22.41%	9,391
Building & Safety	232,524	38.22%	88,864
Bureau of Accounting	41,460	20.24%	8,391
Bureau of Contract Administration	136,350	27.49%	37,486
Bureau of Engineering	342,965	20.70%	70,983
Bureau of Management-Employee Services	21,840	20.83%	4,550
Bureau of Sanitation	18,000	18.01%	3,242
Bureau of Street Lighting	62,530	24.41%	15,266
Bureau of Street Services	132,465	35.62%	47,179
City Attorney	291,509	26.51%	77,289
City Clerk	1,730	34.13%	590
Commission for Children, Youth & Their Families	2,500	26.92%	673
Commission on the Status of Women	-	40.00%	-
Community Development	96,700	25.55%	24,704
Controller	87,889	21.05%	18,503
Council	175,000	35.48%	62,097
Cultural Affairs	144,713	18.99%	27,477
Department on Disability	-	23.53%	-
Emergency Preparedness Department	-	18.18%	-
Employee Relations Board	-	33.33%	-
Environmental Affairs	8,650	16.22%	1,403
Ethics Commission	14,971	27.27%	4,083
Finance	111,726	35.17%	39,299
Fire	1,242,240	30.92%	384,147
General Services	1,297,000	24.33%	315,528
Human Relations Commission	-	33.33%	-
Information Technology Agency	525,000	0.00%	-
Los Angeles Convention Center	178,900	0.00%	-
Los Angeles Housing Department	7,353	29.97%	2,204
Mayor	28,324	35.14%	9,952
Neighborhood Empowerment	97,400	31.25%	30,438
Personnel	122,750	25.89%	31,775
Planning	142,672	32.68%	46,632
Police	9,469,198	24.73%	2,341,449
Transportation	110,660	21.92%	24,254
Treasurer	-	0.00%	-
Zoo	2,730	0.00%	-
Total Budgetary Departments	\$ 15,354,660		\$ 3,782,187

TABLE E-6
SAN FERNANDO VALLEY ALLOCATION OF SPECIAL CLASS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Description</u>	<u>2000-01 Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>
Administrative and Research Services	-	0.00%	-
Aging	-	0.00%	-
Animal Services	-	0.00%	-
Board of Public Works	1,075,000	22.41%	240,948
Building & Safety	-	0.00%	-
Bureau of Accounting	-	0.00%	-
Bureau of Contract Administration	-	0.00%	-
Bureau of Engineering	30,000	20.70%	6,209
Bureau of Management-Employee Services	-	0.00%	-
Bureau of Sanitation	-	0.00%	-
Bureau of Street Lighting	3,079,318	24.41%	751,758
Bureau of Street Services	-	0.00%	-
City Attorney	-	0.00%	-
City Clerk	-	0.00%	-
Commission for Children, Youth & Their Families	-	0.00%	-
Commission on the Status of Women	-	0.00%	-
Community Development	-	0.00%	-
Controller	-	0.00%	-
Council	-	0.00%	-
Cultural Affairs	5,883,267	18.99%	1,117,076
Department on Disability	30,000	23.53%	7,059
Emergency Preparedness Department	-	0.00%	-
Employee Relations Board	-	0.00%	-
Environmental Affairs	-	0.00%	-
Ethics Commission	-	0.00%	-
Finance	-	0.00%	-
Fire	-	0.00%	-
General Services	4,477,041	24.33%	1,089,155
Human Relations Commission	-	0.00%	-
Information Technology Agency	35,046,510	0.00%	-
Los Angeles Convention Center	42,562,762	0.00%	-
Los Angeles Housing Department	-	0.00%	-
Mayor	-	0.00%	-
Neighborhood Empowerment	-	0.00%	-
Personnel	1,185,414	25.89%	306,851
Planning	-	0.00%	-
Police	-	0.00%	-
Transportation	-	0.00%	-
Treasurer	-	0.00%	-
Zoo	-	0.00%	-
Total Budgetary Departments	\$ 93,369,312		\$ 3,519,056
Appropriations to El Pueblo de Los Angeles	3,093,094	0.00%	-
Appropriations to Library Fund	50,574,878	25.98%	13,139,326
Appropriations to Recreation and Parks Fund	94,273,330	26.59%	25,069,139
Appropriations to City Employees' Retirement Fund	67,523,133	24.90%	16,813,260
Appropriations to Fire & Police Pension Fund	500,000	27.83%	139,127
Total Other Departments	215,964,435		55,160,852
Total Departmental	\$ 309,333,747		\$ 58,679,908
2000 Tax and Revenue Anticipation Notes	141,328,275	27.83%	39,325,088
Bond Redemption and Interest	64,152,969	0.00%	-
Capital Finance Administration Fund	90,234,992	19.48%	17,578,496
CIEP - Municipal Facilities	16,087,028	7.10%	1,142,928
CIEP - Physical Plant	36,612,875	7.10%	2,601,219
CIEP - Wastewater	159,407,000	0.00%	-
General City Purposes	79,848,385	24.90%	19,882,248
Human Resources Benefits	260,801,031	24.90%	64,939,457

TABLE E-6
SAN FERNANDO VALLEY ALLOCATION OF SPECIAL CLASS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Description</u>	<u>2000-01 Budget</u>	<u>%</u>	<u>\$</u>
		<u>San Fernando Valley Allocation</u>	<u>San Fernando Valley Allocation</u>
Judgment Obligation Bonds Debt Service Fund	35,462,617	24.90%	8,830,192
Liability Claims	55,700,000	24.90%	13,869,300
Proposition A Local Transit Assistance Fund	77,524,685	35.31%	27,373,966
Prop. C Anti-Gridlock Transit Improvement Fund	22,983,500	35.31%	8,115,474
Special Parking Revenue Fund	17,191,429	13.00%	2,234,886
Unappropriated Balance	73,238,300	24.90%	18,236,337
Wastewater Special Purpose Fund	285,852,989	0.00%	-
Water and Electricity	31,121,871	24.90%	7,749,346
Other Special Purpose Funds	232,889,305	19.52%	45,466,412
Total Nondepartmental	1,680,437,251		277,345,348
Total, Special Appropriation	\$ 1,989,770,998		\$ 336,025,256

TABLE E-7
SAN FERNANDO VALLEY ALLOCATION OF OTHER SPECIAL PURPOSE FUNDS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Fund</u>	<u>Description</u>	<u>2000-01 Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>
General Fund	Affordable Housing Trust Fund	2,104,000	34.00%	715,360
General Fund	Animal Spray and Neuter Trust Fund	310,000	35.31%	109,465
General Fund	Animal Sterilization Trust Fund	300,000	35.31%	105,930
General Fund	Arts and Cultural Facilities and Services Fund	7,969,000	15.68%	1,249,851
General Fund	City Ethics Commission Fund	1,151,214	35.31%	406,494
General Fund	City Procurement Reengineering Trust Fund	2,594,265	0.00%	
General Fund	Emergency Operations Fund	598,860	35.31%	211,457
General Fund	L. A. Convention and Visitors Bureau Trust Fund	7,969,000	0.00%	
General Fund	Los Angeles Zoo Enterprise Trust Fund	8,698,577	0.00%	
General Fund	Matching Campaign Funds	457,000	35.31%	161,367
General Fund	Municipal Recreation Program	144,000	35.31%	50,840
General Fund	Project Restore Trust Fund	200,000	35.31%	70,620
General Fund	Repayment of Sewer Const. Maint. Fund	1,905,594	35.31%	672,865
General Fund	Repayment of St. Light. Maint. Assmt. Fund	218,575	18.75%	40,982
General Fund	Reserve for Extraordinary Liability Claims	7,659,913	0.00%	
General Fund	Special Fire Safety Tax Fund	5,215,733	0.00%	
	Total General Fund	\$ 47,495,731		\$ 3,795,233
Arts and Cul. Fac. and Services Trust Fund	Related Costs	258,749	24.90%	64,423
Arts Development Fee Trust Fund	Related Costs	55,050	24.90%	13,707
Arts Development Fee Trust Fund	Reserved for Refunds	200,000	35.31%	70,620
B&S Systems Development Fund	Building and Safety Overtime	50,000	38.22%	19,100
B&S Systems Development Fund	Miscellaneous	200,000	38.22%	76,435
B&S Systems Development Fund	Other Project Costs	1,643,825	38.22%	628,220
B&S Systems Development Fund	Related Costs	1,197,805	24.90%	298,251
Bicycle License Fund	Administration	1,000	35.31%	353
Bicycle License Fund	Bicycle Program Coordinator	41,011	35.31%	14,480
City Ethics Commission Fund	Ethics Commission (2000-01)	127,000	35.31%	44,840
City Ethics Commission Fund	Related Costs	15,860	24.90%	3,940
Code Enforcement Trust Fund	Related Costs-City Departments	1,224,708	24.90%	304,950
Code Enforcement Trust Fund	Unallocated	1,341,937	38.22%	512,850
Community Development Trust Fund	PRIMA 2000 Procurement Re-engineering	2,280	0.00%	
Community Development Trust Fund	Related Costs	6,452,701	24.90%	1,606,720
Community Services Administration Grant	Related Costs-City Departments	395,012	24.90%	98,350
Forfeited Assets Trust Fund	Civilianization Match	3,620,777	35.31%	1,278,490
Forfeited Assets Trust Fund	COPS MORE Match	1,872,688	35.31%	661,240
Forfeited Assets Trust Fund	Related Costs-City Departments	154,371	24.90%	38,430
Forfeited Assets Trust Fund	Supplemental Police Account	1,103,247	35.31%	389,550
HOME Inv. Partnerships Program Fund	Related Costs	1,113,797	24.90%	277,330
Household Hazardous Waste Fund	Related Costs	859,846	24.90%	214,100
Household Hazardous Waste Fund	Zoo Enterprise Trust Fund	20,000	0.00%	
Housing Op. for Persons with AIDS	Related Costs	76,873	24.90%	19,140
L. A. Conv. and Visitors Bureau Trust Fund	Unallocated	712,900	0.00%	
Local Law Enforcement Block Grant Fund	Related Costs-City Departments	146,351	24.90%	36,440
Major Projects Review Trust Fund	MCA/Universal	211,343	0.00%	
Major Projects Review Trust Fund	Playa Vista	2,373,984	0.00%	
Major Projects Review Trust Fund	Porter Ranch	81,260	100.00%	81,260
Major Projects Review Trust Fund	Related Costs-City Departments	2,251,652	24.90%	560,660
Major Projects Review Trust Fund	Sunshine Canyon	71,069	100.00%	71,069
Mobile Source Air Pollution Reduction Fund	Alternate Fuel Fleet Vehicles, Trucks, & Infrastructure	1,250,000	35.31%	441,370
Mobile Source Air Pollution Reduction Fund	ATSAC Projects (CIEP)	2,938,105	35.31%	1,037,440
Mobile Source Air Pollution Reduction Fund	City Hall Shuttle Contract	276,000	0.00%	
Mobile Source Air Pollution Reduction Fund	Compressed Natural Gas Fueling Facility	375,000	35.31%	132,400
Mobile Source Air Pollution Reduction Fund	Electric Vehicle Charging Infrastructure	200,000	35.31%	70,620
Mobile Source Air Pollution Reduction Fund	LAPD/R&P/DOT Bicycle Patrol Program	50,000	35.31%	17,655
Mobile Source Air Pollution Reduction Fund	Related Costs	913,421	24.90%	227,440
Mobile Source Air Pollution Reduction Fund	Single Audit Contract	13,000	35.31%	4,590
Municipal Housing Finance Fund	Acquis., Rehab., and Const. Devel. and Loans	760,000	34.00%	258,400
Municipal Housing Finance Fund	Affordable Housing Trust Fund	1,596,000	34.00%	542,640
Municipal Housing Finance Fund	Reserve	210,492	34.00%	71,566

TABLE E-7
SAN FERNANDO VALLEY ALLOCATION OF OTHER SPECIAL PURPOSE FUNDS APPROPRIATIONS
FY 2000-01 BUDGET

<u>Fund</u>	<u>Description</u>	<u>2000-01 Budget</u>	<u>%</u>	<u>\$</u>
			<u>San Fernando Valley Allocation</u>	<u>San Fernando Valley Allocation</u>
Procurement Reengineering Trust Fund	PRIMA Project Costs	3,730,000	0.00%	-
Procurement Reengineering Trust Fund	Related Costs	221,919	0.00%	-
Procurement Reengineering Trust Fund	Reserve for Future Capital Projects	6,072,577	0.00%	-
Rent Stabilization Trust Fund	Related Costs-City Departments	1,614,888	24.90%	402,107
Rent Stabilization Trust Fund	Rent Stabilization Reserve	3,749,684	21.00%	787,434
Res. for Extra. Liability Claims Fund	Extraordinary Liability Claims	7,659,913	0.00%	-
Sanitation Equipment Charge Fund	Debt Administration	25,000	41.00%	10,250
Sanitation Equipment Charge Fund	Debt Service	20,693,621	41.00%	8,484,384
Sanitation Equipment Charge Fund	Related Costs-City Departments	8,612,789	24.90%	2,144,584
Schedule 29 Fund	Affordable Housing Trust Fund	1,300,000	34.00%	442,000
Schedule 29 Fund	Related Costs-City Departments	2,172,192	24.90%	540,876
Special Fire Safety Tax Fund	Reserve for Taxpayers' Reimbursement	12,281,315	0.00%	-
Special Gas Tax Street Improvement Fund	Engineering Training-Travel	3,000	35.31%	1,059
Special Gas Tax Street Improvement Fund	Related Costs-City Departments	9,802,055	24.90%	2,440,712
Special Gas Tax Street Improvement Fund	Transportation Training-Travel	3,000	35.31%	1,059
Special Police Communications Tax Fund	Bond Administration	50,000	24.73%	12,364
Special Police Communications Tax Fund	Bond Capitalized Interest Reserve	7,994,160	24.73%	1,976,716
Special Police Communications Tax Fund	Bond Debt Service Reserve	9,281,802	24.73%	2,295,112
Special Police Communications Tax Fund	Insurance	100,000	24.73%	24,727
Special Police Communications Tax Fund	Lease Payments	11,129,594	24.73%	2,752,015
Special Police Communications Tax Fund	Lease Reserve	1,231,822	24.73%	304,593
Special Police Communications Tax Fund	Loss Reserve	300,000	24.73%	74,181
Special Police Communications Tax Fund	Related Costs-City Departments	275,829	24.90%	68,681
St. Light. Maintenance Assessment Fund	County Collection Charges	75,000	18.75%	14,063
St. Light. Maintenance Assessment Fund	Energy and Maintenance	17,485,000	18.75%	3,278,438
St. Light. Maintenance Assessment Fund	Los Angeles Neighborhood Initiative	200,000	18.75%	37,500
St. Light. Maintenance Assessment Fund	Office and Administrative	66,120	18.75%	12,398
St. Light. Maintenance Assessment Fund	Office and Technical Equipment	118,000	18.75%	22,125
St. Light. Maintenance Assessment Fund	Official Notices	50,000	18.75%	9,375
St. Light. Maintenance Assessment Fund	Related Costs	3,505,000	24.90%	872,745
St. Light. Maintenance Assessment Fund	Street Lighting Improvement and Supplies	100,000	18.75%	18,750
St. Light. Maintenance Assessment Fund	Tree Trimming	2,700,000	18.75%	506,250
Staples Arena Special Fund	Unallocated	867,201	0.00%	-
Stormwater Pollution Abatement Fund	Emergency Construction Contingency	1,000,000	48.00%	480,000
Stormwater Pollution Abatement Fund	On Call Contractors (Emergency Funds)	500,000	48.00%	240,000
Stormwater Pollution Abatement Fund	Related Costs	6,374,201	24.90%	1,587,176
Stormwater Pollution Abatement Fund	Repayment Interest	100,000	48.00%	48,000
Stormwater Pollution Abatement Fund	Reserve for Future Capital Projects	1,026,721	48.00%	492,826
Stormwater Pollution Abatement Fund	Unallocated NPDES Implementation	300,000	48.00%	144,000
Telecom. Development Account	Channel 35 Second Audio Program	75,000	0.00%	-
Telecom. Development Account	Citywide Access Corporation	375,000	0.00%	-
Telecom. Development Account	Franchise Renewal Contractual Services/Auditing	300,000	43.83%	131,487
Telecom. Development Account	Municipal Access Expense and Equipment	1,402,801	0.00%	-
Telecom. Development Account	Related Costs-City Departments	734,009	24.90%	182,768
Workforce Investment Act Fund	Related Costs-City Departments	2,575,247	24.90%	641,237
Zoo Enterprise Trust Fund	ADA Upgrades Child. Zoo and Anim. Cont. Area Proj.	400,000	0.00%	-
Zoo Enterprise Trust Fund	Orangutan Exhibit and Animal Health Center Project	300,000	0.00%	-
Total Special Purpose Funds		185,393,574		41,671,177
Total Other Special Purpose Funds		\$ 232,889,305		\$ 45,466,412

TABLE E-8
SAN FERNANDO VALLEY CONTRACTUAL SERVICE APPROPRIATIONS (CITY OF LOS ANGELES)
FY 2000-01 BUDGET

<u>Description</u>	<u>2000-01 Budget</u>	<u>Number of Personnel Contracted</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>	<u>Allocation Method</u>
Controller					
Salary	10,070,408	7	4.09%	412,239	System Division - citywide employees
CAP Rate (estimated)			104.84%	432,191	
Subtotal, Controller	\$ 10,070,408			\$ 844,430	
Environmental Affairs					
Salary	2,471,178	1	2.70%	66,789	Contracted LEA services
CAP Rate (estimated)			63.67%	42,524	
Subtotal, Environmental Affairs	\$ 2,471,178			\$ 109,313	
Fire (Sworn)					
Salary	327,699,868	25	0.72%	2,350,114	911 System
CAP Rate (estimated)			62.22%	1,462,241	
Subtotal, Fire (Sworn)	\$ 327,699,868			\$ 3,812,355	
Fire (Civilian)					
Salary	327,699,868	8	0.23%	752,036	911 System
CAP Rate (estimated)			94.75%	712,555	
Subtotal, Fire (Civilian)	\$ 327,699,868			\$ 1,464,591	
Information Technology Agency					
Salary (excl. As-Need, Hiring Hall)	47,080,368	185	24.90%	11,723,012	Proportion of citywide employees CAP rate provided by ITA
CAP Rate (estimated)			72.10%	8,452,291	
Subtotal, ITA	\$ 47,080,368			\$ 20,175,303	
Police (Sworn)					
Salary (excl. As-Needed)	789,264,010	22	0.16%	1,272,540	IT, SID, specialized fleet maint., air
CAP Rate (estimated)			94.52%	1,202,805	
Subtotal, Police (Sworn)	\$ 789,264,010			\$ 2,475,345	
Police (Civilian)					
Salary (excl. As-Needed)	789,264,010	291	2.13%	16,832,234	IT, SID, specialized fleet maint., air
CAP Rate (estimated)			43.43%	7,310,239	
Subtotal, Police (Civilian)	\$ 789,264,010			\$ 24,142,473	
Transportation					
Salary (excl. As-Needed)	75,346,174	11	0.75%	567,677	ATSAC
CAP Rate (estimated)			82.40%	467,766	
Subtotal, Transportation	\$ 75,346,174			\$ 1,035,442	
Library					
Salary (excl. As-Needed)	41,306,291	32	2.92%	1,204,924	Information Tech. & Collec. division
CAP Rate (estimated)			76.28%	919,116	
Subtotal, Library	\$ 41,306,291			\$ 2,124,040	
Total, Contractual Services (City of Los Angeles)				\$ 56,183,291	

**TABLE R-1
SAN FERNANDO VALLEY ALLOCATION OF GENERAL FUND REVENUE
FY 2000-01 BUDGET**

<u>Revenue Item</u>	<u>2000-01 Budget</u>	<u>%</u>	<u>\$</u>	<u>Notes</u>
		<u>San Fernando Valley Allocation</u>	<u>San Fernando Valley Allocation</u>	
Property Tax	567,500,000	36.56%	207,478,000	L.A. County Assessors' estimate for FY2000
Utility Users Tax	450,670,000	36.12%	162,764,894	City FY99 estimate
Business Tax	321,684,000	31.00%	99,720,922	City FY99 estimate
Sales Tax	337,693,000	45.00%	151,961,850	URD/SBOE preliminary estimates
State Motor Vehicle License Fees	199,380,000	35.88%	71,537,544	Population - adjusted for statewide reallocation
Transient Occupancy Tax	103,599,000	15.68%	16,248,380	City FY99 estimate
Municipal Court Fines	88,700,000	13.00%	11,531,000	City FY99 parking fine estimate
Parking Users Tax	53,100,000	8.43%	4,477,726	City FY99 estimate
Interest	24,028,000	30.35%	7,292,498	Function of total revenue allocated
Franchise Income	24,150,000	24.56%	5,931,625	(See Table R-3 attached)
Civic Center Parking Income	2,000,000	0.00%	-	City FY99 estimate
Transfer from Telecomm. Dev. Account	4,576,176	43.01%	1,968,439	City FY99 estimate
Transit Shelter Income	1,750,000	33.00%	577,500	City FY99 estimate
Residential Development Fee	1,550,000	26.33%	408,119	City FY99 estimate
Los Angeles Mall Rental Income	515,000	0.00%	-	City FY99 estimate
Subtotal, Geographically Located by City	\$ 2,180,895,176		\$ 741,898,497	
Licenses, Permits, Fees & Fines	391,498,708	21.36%	83,616,795	(See Table R-4 attached)
Power Revenue Transfer	113,300,000	0.00%	-	IFA assumes City retains ownership of system
Documentary Transfer Tax	88,000,000	35.31%	31,072,800	City Planning department population estimate
Utility Users Tax - Unallocated	53,000,000	37.35%	19,795,086	(See Table R-2 attached)
Transfer from Reserve Fund	16,525,047	0.00%	-	IFA assumes insufficient funds for allocation
Water Revenue Transfer	24,900,000	0.00%	-	IFA assumes City retains ownership of system
Franchise Income - Unallocated	20,516,212	38.11%	7,818,762	(See Table R-3 attached)
Grant Receipts	15,725,000	24.90%	3,915,525	Total number of employees
Tobacco Settlement	10,100,000	0.00%	-	Not allocated - not part of State MOU
Transfer of Reserve Fund Loan	8,000,000	0.00%	-	IFA assumes insufficient funds for allocation
Municipal Court Fines - Unallocated	6,400,000	13.00%	832,000	Same as City's estimate for municipal court fines
Capital Finance Admin. Transfer	4,000,000	30.54%	1,221,718	Function of total revenue allocated
Subtotal, Not Geographically Located by City	\$ 751,964,967		\$ 148,272,685	
Total, General Fund Revenue	\$ 2,932,860,143		\$ 890,171,183	
Percent of Geographically Located Revenue			30.35%	

TABLE R-2
SAN FERNANDO VALLEY ALLOCATION OF UTILITY USERS TAX
FY 2000-01 BUDGET

<u>Revenue Item</u>	<u>2000-01 Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>	<u>Notes</u>
Utility Users Tax - Electrical	217,150,000	37.35%	81,103,829	City FY99 estimate
Utility Users Tax - Telephone	233,520,000	34.97%	81,661,065	City FY99 methodology (no rounding)
	<u>\$ 450,670,000</u>		<u>\$ 162,764,894</u>	
Utility Users Tax - Gas	53,000,000	37.35%	19,795,086	Same as City estimate for UUT - Electrical
Utility Users Tax - Refunds	-		-	
	<u>\$ 53,000,000</u>		<u>\$ 19,795,086</u>	

TABLE R-3
SAN FERNANDO VALLEY ALLOCATION OF FRANCHISE FEE
FY 2000-01 BUDGET

<u>Revenue Item</u>	<u>2000-01 Budget</u>	<u>%</u>	<u>\$</u>	<u>Notes</u>
		<u>San Fernando Valley Allocation</u>	<u>San Fernando Valley Allocation</u>	
Franchise Income - Cable	12,000,000	43.83%	5,259,476	City FY99 estimate
Franchise Income - Wastewater	9,650,000	0.00%	-	IFA assumes City retains ownership of system
Franchise Income - Police Garage	2,500,000	26.89%	672,149	City FY99 estimate
Total, Allocated	\$ 24,150,000		\$ 5,931,625	
Franchise Income - Gas	13,800,000	43.83%	\$ 6,048,398	Same as City's estimate for cable
Franchise Income - Other	1,800,000	35.31%	635,580	City FY99 estimate
Franchise Income - Taxis	1,700,000	8.51%	144,681	Proportion of year 2000 taxi vehicle authorizations
Total, Unallocated	\$ 17,300,000		\$ 6,828,658	

TABLE R-4
SAN FERNANDO VALLEY ALLOCATION OF LICENSES, PERMITS, FEES & FINES
FY 2000-01 BUDGET

		%	\$	
		San Fernando	San Fernando	
<u>Special Categories</u>	<u>2000-01</u>	<u>Valley</u>	<u>Valley</u>	<u>Notes</u>
	<u>Budget</u>	<u>Allocation</u>	<u>Allocation</u>	
Services to Sewer Fund	36,895,000	0.00%	-	IFA assumes City retains ownership of system
Services to Airports	28,721,000	0.00%	-	IFA assumes City retains ownership of Airports
MTA Reimbursement	25,580,000	0.00%	-	IFA assumes City provides all services
Service to Harbor	22,785,000	0.00%	-	Not applicable to SFV
Special Funds Related Costs	22,785,000	13.96%	3,180,786	Function of total special revenue allocated
Grant Funded Related Costs	10,942,000	24.90%	2,724,558	Total number of employees
Gas Tax Projects	9,802,000	35.31%	3,461,086	City FY99 estimate
Sanitation Equipment Charge G.F. Reimbursement	8,613,000	0.00%	-	IFA assumes City retains ownership of system
Chargeback Reimbursements	7,653,000	24.90%	1,905,597	Total number of employees transferred
Services to DWP	6,520,000	0.00%	-	IFA assumes City retains ownership of system
Services to Stormwater Fund	6,373,000	48.00%	3,059,040	City FY99 estimate
One-Time Reimbursements	6,265,000	24.90%	1,559,985	Total number of employees transferred
G.O. Bond Reimbursement	3,900,000	0.00%	-	IFA assumes City administers bonds
City Clerk - School & College Elections	2,148,000	24.90%	534,852	Total number of employees transferred
Police Grants Related Costs	300,000	0.00%	-	
Budget less Special	191,636,456	35.00%	67,066,959	
Total, LPFF	\$ 390,918,456		\$ 83,492,864	
Budget Adjustments	\$ 580,252	21.36%	123,931	
Net Total, LPFF	\$ 391,498,708		\$ 83,616,795	
<u>Budget less Special</u>				
Animal Services	3,188,000	35.31%	1,125,683	Licenses and shelter fees - population
Building and Services	67,530,456	37.76%	25,498,724	(See Table R-5 attached)
CAO/OARS	228,000	35.31%	80,507	Population
City Attorney	2,654,000	24.90%	660,846	Mostly fees for service - total number of employees
City Clerk	346,000	0.00%	-	Administration of State grant - no allocation
Controller	626,000	24.90%	155,874	Payroll deduction fee, CRA - total employees
Council	5,000	35.31%	1,766	Population
Cultural Affairs	39,000	35.31%	13,771	Population
EPD	230,000	35.31%	81,213	Population
Environmental Affairs	576,000	0.00%	-	LEA fees - no allocation (City remains LEA)
Finance	65,000	35.31%	22,952	Fees for service - population
Fire	44,350,000	38.15%	16,917,739	(See Table R-6 attached)
General Services	11,278,000	24.90%	2,808,222	Reimb. from depts., salvage - number of employees
Housing	401,000	24.90%	99,849	Reimb. from depts. - number of employees
Information Services	1,169,000	0.00%	-	Pensions, coin boxes - not allocated
Personnel (including HRB)	5,910,000	24.90%	1,471,590	Workers comp. - number of employees
Planning	4,484,000	35.31%	1,583,300	Planning/zoning fees - population
Police	21,005,000	35.31%	7,416,866	Permits, false alarm/impound fees - population
Bureau of Accounting	177,000	24.90%	44,073	Reimb. of acct. services - number of employees
Board Office	312,000	24.90%	77,688	Reimb. from depts. - number of employees
Bureau of Contract Administration	5,680,000	35.31%	2,005,608	Permits, fees, reimbursements - population
Bureau of Engineering	6,312,000	35.31%	2,228,767	Permits, fees, reimbursements - population
Management Employee Services	71,000	24.90%	17,679	Reimb. of services - number of employees
Bureau of Sanitation	54,000	35.31%	19,067	Sale of refuse - population
Bureau of Street Services	4,191,000	35.31%	1,479,842	Assessments, permits, repairs, fines - population
Transportation	5,546,000	35.31%	1,958,293	Permits, repairs, fines - population
Misc. Taxes & Fees	3,300,000	24.90%	821,700	Total number of employees transferred
General Fund - Misc.	1,909,000	24.90%	475,341	Total number of employees transferred
	191,636,456		67,066,959	

TABLE R-5
SAN FERNANDO VALLEY ALLOCATION OF BUILDING AND SAFETY DEPARTMENT LICENSES, PERMITS, FEES & FINES
FY 2000-01 BUDGET

<u>Source</u>	<u>2000-01 Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>	<u>Notes</u>
Construction Permits	\$19,982,219	35.89%	7,171,618	FY00 "Permits Issued" workload measurements
Other Licenses and Permits	500,246	35.31%	176,637	Proportion of department employees
State Mandated Program Reimbursement	25,000	38.22%	9,554	Proportion of department employees
Special Building and Safety Services	2,371,399	38.22%	906,286	Proportion of department employees
Other Government Services	6,656	38.22%	2,544	Proportion of department employees
Plan Checking Fees	21,293,817	36.93%	7,863,807	FY00 "Plan Checks" workload measurements
Engineering Fees, Inspection and Other Services	23,341,119	40.12%	9,364,457	FY00 "Inspections" workload measurements
Miscellaneous Revenues	10,000	38.22%	3,822	Proportion of department employees
Reimbursement from Other Funds	482,957	38.22%	184,573	Proportion of department employees
Total, Fire	68,013,413		25,683,298	
<u>Special Categories - Fire</u>				
Reimbursement from Other Funds	(482,957)	38.22%	(184,573)	Proportion of department employees
Total, Special Categories - Fire	(482,957)		(184,573)	
Net Total	67,530,456		25,498,724	

TABLE R-6
SAN FERNANDO VALLEY ALLOCATION OF FIRE DEPARTMENT LICENSES, PERMITS, FEES & FINES
FY 2000-01 BUDGET

<u>Source</u>	<u>2000-01 Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>	<u>Notes</u>
Brush Removals	1,521,005	35.31%	537,067	Population
Filming Permits	1,600,000	35.31%	564,960	Population
Reimb From Other Agencies	500	35.31%	177	Population
Continuing Permits Section 5704	1,550,000	35.31%	547,305	Population
Non-Continuing Permits	825,000	35.31%	291,308	Population
Fire Safety Off Cost Recovery	500,000	35.31%	176,550	Population
Fire Service for San Fernando	1,840,000	100.00%	1,840,000	IFA assumes Valley FD will provide service
Fire Services Restitution	45,000	35.31%	15,890	Population
Inspection Restitution	280,000	35.31%	98,868	Population
Miscellaneous-Fire Service	250,000	35.31%	88,275	Population
Underground Storage Tk-Plan Ck	150,000	35.31%	52,965	Population
Unified Program-Annual Fees	4,150,000	35.31%	1,465,365	Haz. mat. related - population
High-Rise Inspection Fee	1,400,000	41.90%	586,667	Estimated proportion of Valley office buildings
Fir Sfty Clear Insp-Care Facil	15,000	35.31%	5,297	Population
Spot Check Prog Cost Recovery	420,000	35.31%	148,302	Population
Brush Clearance Restitution	245,322	35.31%	86,623	Population
Emergency Ambulance Services	28,697,284	35.31%	10,133,011	Population
Kaiser Patient Transport	285,000	35.31%	100,634	Population
Service to Propr Dept-Airports	10,640,000	0.00%	-	Allocated as a "special category"
Service to Propr Dept-Harbor	13,175,957	0.00%	-	Allocated as a "special category"
Miscellaneous Revenues	1,000	35.31%	353	Population
Reimb Empl Rel - UFLAC	225,942	32.10%	72,527	Union related - number of FD employees transferred
Jury Duty Reimbursement	2,000	35.31%	706	Population
Fire-Noncompliance Billing	113,077	35.31%	39,927	Population
Brush Non-Compliance Fee	133,983	35.31%	47,309	Population
Anti Smoking Noncompliance Fee	50,000	35.31%	17,655	Population
Total, Fire	68,116,070		16,917,739	
Special Categories - Fire				
Service to Propr Dept-Airports	(10,640,000)	0.00%	-	IFA assumes City retains ownership of Airports
Service to Propr Dept-Harbor	(13,175,957)	0.00%	-	IFA assumes City retains ownership of Harbor
Total, Special Categories - Fire	(23,815,957)		-	
Net Total	44,300,113		16,917,739	
Adjustment to Match Budget	49,887		-	
Net Adjusted Total	44,350,000		16,917,739	

TABLE R-7
SAN FERNANDO VALLEY ALLOCATION OF SPECIAL PURPOSE FUND REVENUE
FY 2000-01 BUDGET

<u>Revenue Item</u>	<u>2000-01 Budget</u>	<u>% San Fernando Valley Allocation</u>	<u>\$ San Fernando Valley Allocation</u>	<u>Allocation Method</u>
Sewer Construction and Maintenance Fund (14)	484,099,203	0.00%	-	IFA assumes City retains ownership of system
Special Gas Tax Street Improvement Fund (5)	98,372,691	35.31%	34,735,397	City FY99 estimate
Proposition A Local Transit Assistance Fund (26)	60,400,200	35.31%	21,327,311	City FY99 estimate
San. Equipment Charge Special Revenue Fund (2)	47,699,800	41.00%	19,556,918	City FY99 estimate
Proposition C Anti-Gridlock Transit Impr. Fund (27)	47,387,000	35.31%	16,732,350	City FY99 estimate
Stormwater Pollution Abatement Fund (7)	30,190,077	48.00%	14,491,237	City FY99 estimate applied to all fund revenue
Convention Center Revenue Fund (16)	26,567,000	0.00%	-	IFA assumes City retains ownership
Special Parking Revenue Fund (11)	24,235,812	12.57%	3,045,407	City FY99 estimate
L. A. Conv. and Visitor's Bureau Trust Fund (1)	15,938,000	0.00%	-	IFA assumes City retains ownership
Zoo Enterprise Trust Fund (44)	15,494,909	0.00%	-	IFA assumes City retains ownership
Supplemental Law Enforcement Services (46)	8,437,000	35.31%	2,979,105	City FY99 estimate
Arts and Cul. Fac. and Services Trust Fund (24)	8,029,000	15.68%	1,259,262	City FY99 TOT estimate
Code Enforcement Trust Fund (42)	6,900,000	25.75%	1,776,766	City FY99 estimate
Rent Stabilization Trust Fund (23)	6,800,000	21.09%	1,433,802	City FY99 estimate
Mobile Source Air Pollution (10)	5,682,310	35.31%	2,006,424	City FY99 estimate
Major Projects Review Trust Fund (35)	4,989,308	7.38%	368,036	City FY99 estimate
Telecom. Liq. Dam. and Lost Franchise Fees (20)	3,423,824	43.83%	1,500,627	City FY99 estimate
City Employees Ridesharing Fund (12)	2,478,107	1.32%	32,788	City FY99 estimate
El Pueblo de Los Angeles Hist. Mon. Rev. (43)	2,353,300	0.00%	-	IFA assumes City retains ownership
Staples Arena Special Fund (31)	2,148,170	0.00%	-	City FY99 estimate
Older Americans Act Fund (21)	1,284,541	28.55%	366,736	City Funding Formula
City Ethics Commission Fund (30)	1,151,214	24.90%	286,652	Function of total number of employees
Municipal Housing Finance Fund (48)	984,400	34.00%	334,696	City FY99 estimate
Park and Recreational Sites and Facilities Fund (15)	850,000	26.33%	223,807	City FY99 estimate
Subtotal, Geographically Located by City	\$ 905,895,866		\$ 122,457,321	
Street Lighting Maintenance Assessment Fund (19)	44,847,000	18.75%	8,408,813	Location of PW - Street Lighting field offices
Community Development Trust Fund (8)	29,195,622	25.00%	7,298,906	City FY99 estimate
Local Public Safety Fund (17)	28,220,000	0.00%	-	IFA assumes no allocation to Valley
Traffic Safety Fund (4)	18,000,000	35.31%	6,355,800	Population
Spec. Police Communications/911 System Tax (33)	14,136,907	0.00%	-	IFA assumes City remains as administrator
Allocations from other sources (29)	14,097,846	24.90%	3,510,364	Total number of employees transferred
Workforce Investment Act (22)	11,622,756	25.00%	2,905,689	City FY99 estimate for Community Devel. Trust
Procurement Reengineering Trust Fund (32)	10,756,545	0.00%	-	Results from City savings - no allocation to Valley
Local Law Enforcement Block Grant Fund (45)	8,845,417	27.55%	2,436,532	Formula, violent crimes - location of employees
Reserve for Extraordinary Liability Claims (49)	7,659,913	0.00%	-	G.F. appropriation - no allocation or expenditure
CERS - Airport Revenue	6,212,198	0.00%	-	IFA assumes City retains ownership of Airports
Spec. Fire Safety and Para. Communications (6)	5,215,733	0.00%	-	Related to overpayment - tax no longer assessed
HOME Investment Partnerships Program Fund (9)	4,337,398	25.00%	1,084,350	City FY99 estimate for Community Devel. Trust
Building and Safety Sys. Devel. Trust Fund (40)	3,950,000	39.00%	1,540,500	Ave. of workload permits, plan checks, inspection
Household Hazardous Waste Special Fund (39)	2,076,000	35.31%	733,036	Population
CERS - Harbor Revenue	1,909,358	0.00%	-	IFA assumes City retains ownership of Harbor
Local Transportation Fund (34)	1,700,000	35.31%	600,270	Allocated by MTA based on population
Landfill Maintenance Special Fund (38)	1,521,000	35.31%	537,065	Sale of recyclables - population
Community Services Administration Grant (13)	1,509,965	25.00%	377,491	City FY99 estimate for Community Devel. Trust
Rental Housing Production Fund	1,300,000	28.66%	372,580	Proportion of rental units
Street Damage Restoration Fee Fund (47)	1,000,000	24.90%	249,000	Function of total number of employees
Arts Development Fee Trust Fund (25)	722,000	35.31%	254,938	Function of private construction - population
Housing Opportunities for Persons with AIDS (41)	267,150	25.00%	66,788	City FY99 estimate for Community Devel. Trust
Forfeited Assets Trust Fund (3)	152,000	35.31%	53,671	Population as proxy
Bicycle License Fund (18)	24,600	35.31%	8,686	Population as proxy
Disaster Assistance Trust Fund (37)	(12,850,000)	35.31%	(4,537,335)	Population as proxy
Subtotal, Not Geographically Located by City	\$ 206,429,408		\$ 32,257,142	
Total, Special Purpose Fund Revenue	\$ 1,112,325,274		\$ 154,714,464	

U.C. BERKELEY LIBRARIES



C124925348



Public Financial Management